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# DEBATES OF THE SENATE

OFFICIAL REPORT  
(HANSARD)

THE HONOURABLE ALLISTER GROSART  
SPEAKER

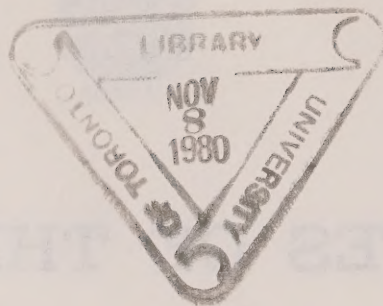
1979  
FIRST SESSION, THIRTY-FIRST PARLIAMENT  
28 ELIZABETH II

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Parliament was opened on October 9, 1979  
and was dissolved on December 14, 1979

Queen's Printer for Canada, Ottawa





The Speaker

THE HONOURABLE ALLISTER GROSART

The Leader of the Government

THE HONOURABLE JACQUES FLYNN, P.C.

The Leader of the Opposition

THE HONOURABLE RAYMOND J. PERRAULT, P.C.




# SENATORS OF CANADA

## THE MINISTRY

According to Precedence

At Dissolution, December 14, 1979

The Right Honourable Charles Joseph Clark	Prime Minister
The Honourable Jacques Flynn	Leader of the Government in the Senate and Minister of Justice and Attorney General of Canada
The Honourable Martial Asselin	Minister of State for the Canadian International Development Agency
The Honourable Walter David Baker	President of the Queen's Privy Council for Canada and Minister of National Revenue
The Honourable Flora MacDonald	Secretary of State for External Affairs
The Honourable James A. McGrath	Minister of Fisheries and Oceans
The Honourable Erik H. Nielsen	Minister of Public Works
The Honourable Allan Frederick Lawrence	Solicitor General of Canada and Minister of Consumer and Corporate Affairs
The Honourable John C. Crosbie	Minister of Finance
The Honourable David S. H. MacDonald	Secretary of State of Canada and Minister of Communications
The Honourable Lincoln Alexander	Minister of Labour
The Honourable Roch LaSalle	Minister of Supply and Services
The Honourable Donald F. Mazankowski	Minister of Transport
The Honourable Elmer M. MacKay	Minister of Regional Economic Expansion
The Honourable Arthur Jacob Epp	Minister of Indian Affairs and Northern Development
The Honourable John Allen Fraser	Postmaster General and Minister of the Environment
The Honourable William Jarvis	Minister of State for Federal-Provincial Relations
The Honourable Allan McKinnon	Minister of National Defence and Minister of Veterans Affairs
The Honourable Sinclair McKnight Stevens	President of the Treasury Board
The Honourable John Wise	Minister of Agriculture
The Honourable Ronald George Atkey	Minister of Employment and Immigration
The Honourable Ramon John Hnatyshyn	Minister of Energy, Mines and Resources
The Honourable David Crombie	Minister of National Health and Welfare
The Honourable Robert R. de Cotret	Minister of Industry, Trade and Commerce and Minister of State for Economic Development
The Honourable William Heward Grafftey	Minister of State for Science and Technology
The Honourable Perrin Beatty	Minister of State (Treasury Board)
The Honourable J. Robert Howie	Minister of State (Transport)
The Honourable Steven Eugene Paproski	Minister of State for Fitness and Amateur Sport and Multiculturalism
The Honourable Ronald Huntington	Minister of State for Small Businesses and Industry
The Honourable Michael H. Wilson	Minister of State for International Trade



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# SENATORS OF CANADA

## ACCORDING TO SENIORITY

At Dissolution, December 14, 1979

Senators	Designation	Post Office Address
THE HONOURABLE		
Salter Adrian Hayden .....	Toronto .....	Toronto, Ont.
Norman McLeod Paterson .....	Thunder Bay .....	Thunder Bay, Ont.
Sarto Fournier .....	de Lanaudière .....	Montreal, Que.
John J. Connolly, P.C. ....	Ottawa West .....	Ottawa, Ont.
Donald Cameron .....	Banff .....	Banff, Alta.
David A. Croll .....	Toronto-Spadina .....	Toronto, Ont.
Fred A. McGrand .....	Sunbury .....	Fredericton Junction, N.B.
Donald Smith .....	Queens-Shelburne .....	Liverpool, N.S.
Florence Elsie Inman .....	Murray Harbour .....	Montague, P.E.I.
Hartland de Montarville Molson .....	Alma .....	Montreal, Que.
Joseph A. Sullivan .....	North York .....	Toronto, Ont.
Lionel Choquette .....	Ottawa East .....	Ottawa, Ont.
John Michael Macdonald .....	Cape Breton .....	North Sydney, N.S.
Josie Alice Dinan Quart .....	Victoria .....	Quebec, Que.
Louis Philippe Beaubien .....	Bedford .....	Montreal, Que.
Allister Grosart (Speaker) .....	Pickering .....	Toronto, Ont.
Edgar Fournier .....	Madawaska-Restigouche .....	Iroquois, N.B.
Jacques Flynn, P.C., (Minister of Justice and Attorney General of Canada) .....	Rougemont .....	Quebec, Que.
David James Walker, P.C. ....	Toronto .....	Toronto, Ont.
Rhéal Bélisle .....	Sudbury .....	Sudbury, Ont.
Paul Yuzyk .....	Fort Garry .....	Winnipeg, Man.
Orville Howard Phillips .....	Prince .....	Alberton, P.E.I.
Azellus Denis, P.C. ....	La Salle .....	Montreal, Que.
Eric Cook .....	Harbour Grace .....	St. John's, Nfld.
Daniel Aiken Lang .....	South York .....	Toronto, Ont.
William Moore Benidickson, P.C. ....	Kenora-Rainy River .....	Kenora, Ont.
Alexander Hamilton McDonald .....	Moosomin .....	Moosomin, Sask.
Earl Adam Hastings .....	Palliser-Foothills .....	Calgary, Alta.
Harry William Hays, P.C. ....	Calgary .....	Calgary, Alta.
Charles Robert McElman .....	Nashwaak Valley .....	Fredericton, N.B.
Douglas Keith Davey .....	York .....	Toronto, Ont.
Jean-Paul Deschatelets, P.C. ....	Lauzon .....	Montreal, Que.
Hazen Robert Argue .....	Regina .....	Kayville, Sask.
J. G. Léopold Langlois .....	Grandville .....	Quebec, Que.
Paul Desruisseaux .....	Wellington .....	Sherbrooke, Que.
Douglas Donald Everett .....	Fort Rouge .....	Winnipeg, Man.
Maurice Lamontagne, P.C. ....	Inkerman .....	Aylmer, Que.
Andrew Ernest Thompson .....	Dovercourt .....	Kendal, Ont.
Keith Laird .....	Windsor .....	Windsor, Ont.
Herbert O. Sparrow .....	Saskatchewan .....	North Battleford, Sask.
Richard James Stanbury .....	York Centre .....	Toronto, Ont.
William John Petten .....	Bonavista .....	St. John's, Nfld.
Raymond Eudes .....	de Lorimier .....	Montreal, Que.
Louis de Gonzague Giguère .....	de la Durantaye .....	Montreal, Que.
Ernest C. Manning, P.C. ....	Edmonton West .....	Edmonton, Alta.
Gildas L. Molgat .....	Ste. Rose .....	St. Vital, Man.
Paul C. Lafond .....	Gulf .....	Hull, Que.



## SENATORS—ACCORDING TO SENIORITY

Senators	Designation	Post Office Address
THE HONOURABLE		
Ann Elizabeth Bell .....	Nanaimo-Malaspina .....	Nanaimo, B.C.
Edward M. Lawson .....	Vancouver .....	Vancouver, B.C.
H. Carl Goldenberg .....	Rigaud .....	Westmount, Que.
George Clifford van Roggen .....	Vancouver-Point Grey .....	Vancouver, B.C.
Sidney L. Buckwold .....	Saskatoon .....	Saskatoon, Sask.
Renaude Lapointe P.C. ....	Mille Isles .....	Montreal, Que.
Mark Lorne Bonnell .....	Murray River .....	Murray River, P.E.I.
Guy Williams .....	Richmond .....	Richmond, B.C.
Michel Fournier .....	Restigouche-GloUCEster .....	Pointe Verte, N.B.
Frederick William Rowe .....	Lewisporte .....	St. John's, Nfld.
George James McIlraith, P.C. ....	Ottawa Valley .....	Ottawa, Ont.
Margaret Norrie .....	Colchester-Cumberland .....	Truro, N.S.
Henry D. Hicks .....	The Annapolis Valley .....	Halifax, N.S.
Bernard Alasdair Graham .....	The Highlands .....	Sydney, N.S.
Martial Asselin, P.C., (Minister of State for the Canadian International Development Agency) .....	Stadacona .....	La Malbaie, Que.
Joan Neiman .....	Peel .....	Caledon East, Ont.
Raymond J. Perrault, P.C. ....	North Shore-Burnaby .....	Vancouver, B.C.
John Morrow Godfrey .....	Rosedale .....	Toronto, Ont.
Maurice Riel .....	Shawinigan .....	Westmount, Que.
Louis-J. Robichaud, P.C. ....	L'Acadie-Acadia .....	Saint Antoine, N.B.
Daniel Riley .....	Saint John .....	Saint John West, N.B.
Augustus Irvine Barrow .....	Halifax-Dartmouth .....	Halifax, N.S.
Ernest George Cottreau .....	South Western Nova .....	Yarmouth, N.S.
George Isaac Smith .....	Colchester .....	Truro, N.S.
Jack Austin .....	Vancouver South .....	Vancouver, B.C.
Paul Lucier .....	Yukon .....	Whitehorse, Yukon.
Jean Marchand, P.C. ....	de la Vallière .....	Quebec, Que.
David Gordon Steuart .....	Prince Albert-Duck Lake .....	Regina, Sask.
Pietro Rizzuto .....	Repentigny .....	Laval sur le Lac, Que.
Willie Adams .....	Northwest Territories .....	Rankin Inlet, N.W.T.
Horace Andrew (Bud) Olson, P.C. ....	Alberta South .....	Idlesleigh, Alta.
Royce Frith .....	Lanark .....	Perth, Ont.
Peter Bosa .....	York-Caboto .....	Etobicoke, Ont.
Duff Roblin, P.C. ....	Red River .....	Winnipeg, Man.
Joseph-Philippe Guay, P.C. ....	St. Boniface .....	St. Boniface, Man.
Stanley Haidasz, P.C. ....	Toronto-Parkdale .....	Toronto, Ont.
Florence Bayard Bird .....	Carleton .....	Ottawa, Ont.
Philip Derek Lewis .....	St. John's .....	St. John's, Nfld.
Jack Marshall .....	Humber-St. George's-St. Barbe .....	Corner Brook, Nfld.
Margaret Jean Anderson .....	Northumberland-Miramichi .....	Newcastle, N.B.
Robert Muir .....	Cape Breton-The Sydneys .....	Sydney Mines, N.S.
L. Norbert Thériault .....	Baie du Vin .....	Baie Ste-Anne, N.B.
Dalia Wood .....	Montarville .....	Montreal, Que.
Fernand-E. Leblanc .....	Saurel .....	Montreal, Que.
Yvette Boucher Rousseau .....	de Salaberry .....	Hull, Que.
Robert R. de Cotret, P.C., (Minister of Industry, Trade and Commerce and Minister of State for Economic Development) .....	Ottawa .....	Ottawa, Ont.
Reginald James Balfour .....	Regina .....	Regina, Sask.
Lowell Murray .....	Grenville-Carleton .....	Ottawa, Ont.
Richard Alphonsus Donahoe .....	Halifax .....	Halifax, N.S.
P. Martha Bielish .....	Lakeland .....	Warspite, Alta.
Guy Charbonneau .....	Kennebec .....	Montreal, Que.
Arthur Tremblay .....	Les Laurentides .....	Quebec, Que.
C. William Doody .....	Harbour Main-Bell Island .....	St. John's, Nfld.
Heath Macquarrie .....	Hillsborough .....	Victoria, P.E.I.
Nathan Nurgitz .....	Winnipeg North .....	Winnipeg, Man.
Cyril B. Sherwood .....	Royal .....	Norton, N.B.

NOTE: For names of senators who resigned, retired, or died during the First Session of the Thirty-First Parliament, see Index.

# SENATORS OF CANADA

## ALPHABETICAL LIST

At Dissolution, December 14, 1979

Senators	Designation	Post Office Address
THE HONOURABLE		
Adams, Willie .....	Northwest Territories .....	Rankin Inlet, N.W.T.
Anderson, Margaret Jean .....	Northumberland-Miramichi .....	Newcastle, N.B.
Argue, Hazen .....	Regina .....	Kayville, Sask.
Asselin, Martial, P.C., (Minister of State for the Canadian International Development Agency) .....	Stadacona .....	La Malbaie, Que.
Austin, Jack .....	Vancouver South .....	Vancouver, B.C.
Balfour, Reginald James .....	Regina .....	Regina, Sask.
Barrow, Augustus Irvine .....	Halifax-Dartmouth .....	Halifax, N.S.
Beaubien, L. P. ....	Bedford .....	Montreal, Que.
Bélisle, Rhéal .....	Sudbury .....	Sudbury, Ont.
Bell, Ann Elizabeth .....	Nanaimo-Malaspina .....	Nanaimo, B.C.
Benidickson, W. M., P.C. ....	Kenora-Rainy River .....	Kenora, Ont.
Bielish, P. Martha .....	Lakeland .....	Warspite, Alta.
Bird, Florence Bayard .....	Carleton .....	Ottawa, Ont.
Bonnell, M. Lorne .....	Murray River .....	Murray River, P.E.I.
Bosa, Peter .....	York-Caboto .....	Etobicoke, Ont.
Buckwold, Sidney L. ....	Saskatoon .....	Saskatoon, Sask.
Cameron, Donald .....	Banff .....	Banff, Alta.
Charbonneau, Guy .....	Kennebec .....	Montreal, Que.
Choquette, Lionel .....	Ottawa East .....	Ottawa, Ont.
Connolly, John J., P.C. ....	Ottawa West .....	Ottawa, Ont.
Cook, Eric .....	Harbour Grace .....	St. John's, Nfld.
Cottreau, Ernest G. ....	South Western Nova .....	Yarmouth, N.S.
Croll, David A. ....	Toronto-Spadina .....	Toronto, Ont.
Davey, Keith .....	York .....	Toronto, Ont.
de Cotret, Robert R., P.C., (Minister of Industry, Trade and Commerce and Minister of State for Economic Development) .....	Ottawa .....	Ottawa, Ont.
Denis, Azellus, P.C. ....	La Salle .....	Montreal, Que.
Deschatelets, Jean-Paul, P.C. ....	Lauzon .....	Montreal, Que.
Desruisseaux, Paul .....	Wellington .....	Sherbrooke, Que.
Donahoe, Richard Alphonsus .....	Halifax .....	Halifax, N.S.
Doody, C. William .....	Harbour Main-Bell Island .....	St. John's, Nfld.
Eudes, Raymond .....	de Lorimier .....	Montreal, Que.
Everett, Douglas D. ....	Fort Rouge .....	Winnipeg, Man.
Flynn, Jacques, P.C., (Minister of Justice and Attorney General of Canada) .....	Rougemont .....	Quebec, Que.
Fournier, Edgar .....	Madawaska-Restigouche .....	Iroquois, N.B.
Fournier, Michel .....	Restigouche-Gloucester .....	Pointe Verte, N.B.
Fournier, Sarto .....	de Lanaudière .....	Montreal, Que.
Frith, Royce .....	Lanark .....	Perth, Ont.
Giguère, Louis de G. ....	de la Durantaye .....	Montreal, Que.
Godfrey, John Morrow .....	Rosedale .....	Toronto, Ont.
Goldenberg, H. Carl .....	Rigaud .....	Westmount, Que.
Graham, Bernard Alasdair .....	The Highlands .....	Sydney, N.S.
Grosart, Allister (Speaker) .....	Pickering .....	Toronto, Ont.
Guay, Joseph-Philippe, P.C. ....	St. Boniface .....	St. Boniface, Man.
Haidasz, Stanley, P.C. ....	Toronto-Parkdale .....	Toronto, Ont.
Hastings, Earl A. ....	Palliser-Foothills .....	Calgary, Alta.



Senators	Designation	Post Office Address
THE HONOURABLE		
Hayden, Salter A. ....	Toronto .....	Toronto, Ont.
Hays, Harry, P.C. ....	Calgary .....	Calgary, Alta.
Hicks, Henry D. ....	The Annapolis Valley .....	Halifax, N.S.
Inman, F. Elsie .....	Murray Harbour .....	Montague, P.E.I.
Lafond, Paul C. ....	Gulf .....	Hull, Que.
Laird, Keith .....	Windsor .....	Windsor, Ont.
Lamontagne, Maurice, P.C. ....	Inkerman .....	Aylmer, Que.
Lang, Daniel A. ....	South York .....	Toronto, Ont.
Langlois, Léopold .....	Grandville .....	Quebec, Que.
Lapointe, Renaude P.C. ....	Mille Isles .....	Montreal, Que.
Lawson, Edward M. ....	Vancouver .....	Vancouver, B.C.
Leblanc, Fernand-E. ....	Saurel .....	Montreal, Que.
Lewis, Philip Derek .....	St. John's .....	St. John's, Nfld.
Lucier, Paul .....	Yukon .....	Whitehorse, Yukon.
Macdonald, John M. ....	Cape Breton .....	North Sydney, N.S.
Macquarrie, Heath .....	Hillsborough .....	Victoria, P.E.I.
Manning, Ernest C., P.C. ....	Edmonton West .....	Edmonton, Alta.
Marchand, Jean, P.C. ....	de la Vallière .....	Quebec, Que.
Marshall, Jack .....	Humber-St. George's-St. Barbe .....	Corner Brook, Nfld.
McDonald, A. Hamilton .....	Moosomin .....	Moosomin, Sask.
McElman, Charles .....	Nashwaak Valley .....	Fredericton, N.B.
McGrand, Fred A. ....	Sunbury .....	Fredericton Junction, N.B.
McIlraith, George J., P.C. ....	Ottawa Valley .....	Ottawa, Ont.
Molgat, Gildas L. ....	Ste. Rose .....	St. Vital, Man.
Molson, Hartland de M. ....	Alma .....	Montreal, Que.
Muir, Robert .....	Cape Breton-The Sydneys .....	Sydney Mines, N.S.
Murray, Lowell .....	Grenville-Carleton .....	Ottawa, Ont.
Neiman, Joan .....	Peel .....	Caledon East, Ont.
Norrie, Margaret .....	Colchester-Cumberland .....	Truro, N.S.
Nurgitz, Nathan .....	Winnipeg North .....	Winnipeg, Man.
Olson, Horace Andrew (Bud), P.C. ....	Alberta South .....	Idlesleigh, Alta.
Paterson, Norman McL. ....	Thunder Bay .....	Thunder Bay, Ont.
Perrault, Raymond J., P.C. ....	North Shore-Burnaby .....	Vancouver, B.C.
Petten, William J. ....	Bonavista .....	St. John's, Nfld.
Phillips, Orville H. ....	Prince .....	Alberton, P.E.I.
Quart, Josie D. ....	Victoria .....	Quebec, Que.
Riel, Maurice .....	Shawinigan .....	Westmount, Que.
Riley, Daniel .....	Saint John .....	Saint John West, N.B.
Rizzuto, Pietro .....	Repentigny .....	Laval sur le Lac, Que.
Robichaud, Louis-J., P.C. ....	L'Acadie-Acadia .....	Saint Antoine, N.B.
Roblin, Duff, P.C. ....	Red River .....	Winnipeg, Man.
Rousseau, Yvette Boucher .....	de Salaberry .....	Hull, Que.
Rowe, Frederick William .....	Lewisporte .....	St. John's, Nfld.
Sherwood, Cyril B. ....	Royal .....	Norton, N.B.
Smith, Donald .....	Queens-Shelburne .....	Liverpool, N.S.
Smith, George I. ....	Colchester .....	Truro, N.S.
Sparrow, Herbert O. ....	Saskatchewan .....	North Battleford, Sask.
Stanbury, Richard J. ....	York Centre .....	Toronto, Ont.
Steuart, David Gordon .....	Prince Albert-Duck Lake .....	Regina, Sask.
Sullivan, Joseph A. ....	North York .....	Toronto, Ont.
Thériault, L. Norbert .....	Baie du Vin .....	Baie Ste-Anne, N.B.
Thompson, Andrew .....	Dovercourt .....	Kendal, Ont.
Tremblay, Arthur .....	Les Laurentides .....	Quebec, Que.
van Roggen, George .....	Vancouver-Point Grey .....	Vancouver, B.C.
Walker, David, P.C. ....	Toronto .....	Toronto, Ont.
Williams, Guy .....	Richmond .....	Richmond, B.C.
Wood, Dalia .....	Montarville .....	Montreal, Que.
Yuzyk, Paul .....	Fort Garry .....	Winnipeg, Man.

# SENATORS OF CANADA

## BY PROVINCES

At Dissolution, December 14, 1979

### ONTARIO—24

Senators	Designation	Post Office Address
THE HONOURABLE		
1 Salter Adrian Hayden .....	Toronto .....	Toronto.
2 Norman McLeod Paterson .....	Thunder Bay .....	Thunder Bay.
3 John J. Connolly, P.C. ....	Ottawa West .....	Ottawa.
4 David A. Croll .....	Toronto-Spadina .....	Toronto.
5 Joseph A. Sullivan .....	North York .....	Toronto.
6 Lionel Choquette .....	Ottawa East .....	Ottawa.
7 Allister Grosart (Speaker) .....	Pickering .....	Toronto.
8 David James Walker, P.C. ....	Toronto .....	Toronto.
9 Rhéal Bélisle .....	Sudbury .....	Sudbury.
10 Daniel Aiken Lang .....	South York .....	Toronto.
11 William Moore Benidickson, P.C. ....	Kenora-Rainy River .....	Kenora.
12 Douglas Keith Davey .....	York .....	Toronto.
13 Andrew Ernest Thompson .....	Dovercourt .....	Kendal.
14 Keith Laird .....	Windsor .....	Windsor.
15 Richard James Stanbury .....	York Centre .....	Toronto.
16 George James McIlraith, P.C. ....	Ottawa Valley .....	Ottawa.
17 Joan Neiman .....	Peel .....	Caledon East.
18 John Morrow Godfrey .....	Rosedale .....	Toronto.
19 Royce Frith .....	Lanark .....	Perth.
20 Peter Bosa .....	York-Caboto .....	Etobicoke.
21 Stanley Haidasz, P.C. ....	Toronto-Parkdale .....	Toronto.
22 Florence Bayard Bird .....	Carleton .....	Ottawa.
23 Robert R. de Cotret, P.C. ....	Ottawa .....	Ottawa.
24 Lowell Murray .....	Grenville-Carleton .....	Ottawa.

## SENATORS BY PROVINCES

## QUEBEC—24

Senators	Electoral Division	Post Office Address
THE HONOURABLE		
1 Sarto Fournier .....	de Lanaudière .....	Montreal.
2 Hartland de Montarville Molson .....	Alma .....	Montreal.
3 Josie Alice Dinan Quart .....	Victoria .....	Quebec.
4 Louis Philippe Beaubien .....	Bedford .....	Montreal.
5 Jacques Flynn, P.C. ....	Rougemont .....	Quebec.
6 Azellus Denis, P.C. ....	La Salle .....	Montreal.
7 Jean-Paul Deschatelets, P.C. ....	Lauzon .....	Montreal.
8 J. G. Léopold Langlois ....	Grandville .....	Quebec.
9 Paul Desruisseaux .....	Wellington .....	Sherbrooke.
10 Maurice Lamontagne, P.C. ....	Inkerman .....	Aylmer.
11 Raymond Eudes .....	de Lorimier .....	Montreal.
12 Louis de Gonzague Giguère .....	de la Durantaye .....	Montreal.
13 Paul C. Lafond .....	Gulf .....	Hull.
14 H. Carl Goldenberg .....	Rigaud .....	Westmount.
15 Renaude Lapointe P.C. ....	Mille Isles .....	Montreal.
16 Martial Asselin, P.C. ....	Stadacona .....	La Malbaie.
17 Maurice Riel .....	Shawinigan .....	Westmount.
18 Jean Marchand, P.C. ....	de la Vallière .....	Quebec.
19 Pietro Rizzuto .....	Repentigny .....	Laval sur le Lac.
20 Dalia Wood .....	Montarville .....	Montreal.
21 Fernand-E. Leblanc .....	Saurel .....	Montreal.
22 Yvette Boucher Rousseau .....	de Salaberry .....	Hull.
23 Guy Charbonneau .....	Kennebec .....	Montreal.
24 Arthur Tremblay .....	Les Laurentides .....	Quebec.



## NOVA SCOTIA—10

Senators	Designation	Post Office Address
THE HONOURABLE		
1 Donald Smith .....	Queens-Shelburne .....	Liverpool.
2 John Michael Macdonald .....	Cape Breton .....	North Sydney.
3 Margaret Norrie .....	Colchester-Cumberland .....	Truro.
4 Henry D. Hicks .....	The Annapolis Valley .....	Halifax.
5 Bernard Alasdair Graham .....	The Highlands .....	Sydney.
6 Augustus Irvine Barrow .....	Halifax-Dartmouth .....	Halifax.
7 Ernest George Cottreau .....	South Western Nova .....	Yarmouth.
8 George Isaac Smith .....	Colchester .....	Truro.
9 Robert Muir .....	Cape Breton-The Sydneys .....	Sydney Mines.
10 Richard Alphonsus Donahoe .....	Halifax .....	Halifax.

## NEW BRUNSWICK—10

THE HONOURABLE		
1 Fred A. McGrand .....	Sunbury .....	Fredericton Junction.
2 Edgar Fournier .....	Madawaska-Restigouche .....	Iroquois.
3 Charles Robert McElman .....	Nashwaak Valley .....	Fredericton.
4 Michel Fournier .....	Restigouche-Gloucester .....	Pointe Verte.
5 Louis-J. Robichaud, P.C. ....	L'Acadie-Acadia .....	Saint Antoine.
6 Daniel Riley .....	Saint John .....	Saint John West.
7 Margaret Jean Anderson .....	Northumberland-Miramichi .....	Newcastle.
8 L. Norbert Thériault .....	Baie du Vin .....	Baie Ste-Anne.
9 Cyril B. Sherwood .....	Royal .....	Norton.
10 .....	.....	.....

## PRINCE EDWARD ISLAND—4

THE HONOURABLE		
1 Florence Elsie Inman .....	Murray Harbour .....	Montague.
2 Orville Howard Phillips .....	Prince .....	Alberton.
3 Mark Lorne Bonnell .....	Murray River .....	Murray River.
4 Heath Macquarrie .....	Hillsborough .....	Victoria.

## SENATORS BY PROVINCES—WESTERN DIVISION

## MANITOBA—6

Senators	Designation	Post Office Address
THE HONOURABLE		
1 Paul Yuzyk .....	Fort Garry .....	Winnipeg.
2 Douglas Donald Everett .....	Fort Rouge .....	Winnipeg.
3 Gildas L. Molgat .....	Ste. Rose .....	St. Vital.
4 Duff Roblin, P.C. ....	Red River .....	Winnipeg.
5 Joseph-Philippe Guay, P.C. ....	St. Boniface .....	St. Boniface.
6 Nathan Nurgitz .....	Winnipeg North .....	Winnipeg.

## BRITISH COLUMBIA—6

THE HONOURABLE		
1 Ann Elizabeth Bell .....	Nanaimo-Malaspina .....	Nanaimo.
2 Edward M. Lawson .....	Vancouver .....	Vancouver.
3 George Clifford van Roggen .....	Vancouver-Point Grey .....	Vancouver.
4 Guy Williams .....	Richmond .....	Richmond.
5 Raymond J. Perrault, P.C. ....	North Shore-Burnaby .....	Vancouver.
6 Jack Austin .....	Vancouver South .....	Vancouver.

## SASKATCHEWAN—6

THE HONOURABLE		
1 Alexander Hamilton McDonald .....	Moosomin .....	Moosomin.
2 Hazen Robert Argue .....	Regina .....	Kayville.
3 Herbert O. Sparrow .....	Saskatchewan .....	North Battleford.
4 Sidney L. Buckwold .....	Saskatoon .....	Saskatoon.
5 David Gordon Steuart .....	Prince Albert-Duck Lake .....	Regina.
6 Reginald James Balfour .....	Regina .....	Regina.

## ALBERTA—6

THE HONOURABLE		
1 Donald Cameron .....	Banff .....	Banff.
2 Earl Adam Hastings .....	Palliser-Foothills .....	Calgary.
3 Harry William Hays, P.C. ....	Calgary .....	Calgary.
4 Ernest C. Manning, P.C. ....	Edmonton West .....	Edmonton.
5 Horace Andrew (Bud) Olson, P.C. ....	Alberta South .....	Idlesleigh.
6 P. Martha Bielish .....	Lakeland .....	Warspite.

## NEWFOUNDLAND—6

Senators	Designation	Post Office Address
THE HONOURABLE		
1 Eric Cook .....	Harbour Grace .....	St. John's.
2 William John Petten .....	Bonavista .....	St. John's.
3 Frederick William Rowe .....	Lewisporte .....	St. John's.
4 Philip Derek Lewis .....	St. John's .....	St. John's.
5 Jack Marshall .....	Humber-St. George's-St. Barbe....	Corner Brook.
6 C. William Doody .....	Harbour Main-Bell Island .....	St. John's.

## NORTHWEST TERRITORIES—1

THE HONOURABLE		
1 Willie Adams .....	Northwest Territories .....	Rankin Inlet.

## YUKON TERRITORY—1

THE HONOURABLE		
1 Paul Lucier .....	Yukon .....	Whitehorse.





## THE SENATE

### OFFICERS AND CHIEFS OF PRINCIPAL BRANCHES

Clerk of the Senate and Clerk of the Parliaments	Robert Fortier, Q.C., B.A., LL.B.
Law Clerk and Parliamentary Counsel	R. L. du Plessis, Q.C., B.A., LL.L.
First Clerk Assistant	
Gentleman Usher of the Black Rod	Thomas G. Bowie
Director of Administration and Personnel	J. Walter Dean
Editor of Debates and Chief of Reporting Branch	T. S. Hubbard
Director of Committees	Flavien J. Belzile, B.A.
Chief of Minutes and Journals (English)	Richard G. Greene
Chief of Minutes and Journals (French)	
Assistant Gentleman Usher of the Black Rod	Charles H. E. Askwith

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### REPORTING BRANCH

Editor of Debates and Chief of Reporting Branch	T. S. Hubbard
Assistant Chief of Reporting Branch	G. R. Baker
Associate Editor and Senior Reporter, English	H. D. Griffith
Associate Editor and Senior Reporter, French	J. R. Langlois
Reporters	Aurèle Chénier,
	W. J. Culleton, G. K. Hubbard,
	D. L. Sellers,
	L. R. Powis, H. C. Warburton,
	Maurice Bolduc, N. C. Keeley,
	Miss K. M. Olszewska,
	B. C. Keeley.

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### TRANSLATORS

#### Department of Secretary of State

Director, Special Operations	Roch Blais
Chief, Parliamentary Translations	André Audette
Chief of Debates	Mireille Couillard

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### LIBRARY OF PARLIAMENT

Parliamentary Librarian	Erik J. Spicer, C.D., B.A., B.L.S., M.A.L.S.
Assistant Parliamentary Librarian	A. Pamela Hardisty, B.A., B.L.S., M.L.S.





## THE SENATE

Tuesday, October 9, 1979

### OPENING OF FIRST SESSION THIRTY-FIRST PARLIAMENT

Parliament having been summoned by Proclamation to meet this day for the dispatch of business—

The Senate met at 9.30 a.m.

#### SPEAKER OF THE SENATE

READING OF COMMISSION APPOINTING  
THE HONOURABLE ALLISTER GROSART

**The Honourable Allister Grosart**, having taken the Clerk's chair, rose and informed the Senate that a Commission had been issued under the Great Seal of Canada, appointing him Speaker of the Senate.

The said Commission was then read by the Clerk.

**The Hon. the Speaker** then took the Chair at the foot of the Throne, to which he was conducted by the Honourable Senator Flynn, P.C., and the Honourable Senator Perrault, P.C., the Gentleman Usher of the Black Rod preceding.

Prayers.

### COMMUNICATION FROM GOVERNOR GENERAL'S ADMINISTRATIVE SECRETARY

**The Hon. the Speaker** informed the Senate that a communication had been received from the Administrative Secretary to the Governor General, as follows:

RIDEAU HALL  
OTTAWA  
GOVERNMENT HOUSE

October 9, 1979

Sir,

I am commanded to inform you that the Honourable Ronald Martland, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to open the First Session of the Thirty-first Parliament of Canada on this day, Tuesday, the 9th of October 1979, at 10.30 a.m.

I have the honour to be,

Sir,

Your obedient servant,  
Edmond Joly de Lotbinière

Administrative Secretary to the Governor General

The Honourable

The Speaker of the Senate,  
Ottawa.

### GENTLEMAN USHER OF THE BLACK ROD

APPOINTMENT OF LT.-COL. THOMAS G. BOWIE, C.D.

**The Hon. the Speaker:** Honourable senators, I have the honour to inform the Senate that I have received a certified copy of Order in Council P.C. 1979-2555, dated September 20, 1979, appointing Lt.-Col. Thomas G. Bowie Gentleman Usher of the Black Rod.

### NEW SENATORS

**The Hon. the Speaker** informed the Senate that the Clerk had received certificates from the Registrar General of Canada showing that the following persons, respectively, had been summoned to the Senate:

Robert Muir  
L. Norbert Thériault  
Dalia Wood  
Fernand-E. Leblanc  
Yvette Boucher Rousseau  
Hon. Robert R. de Cotret, P.C.  
Reginald James Balfour  
Lowell Murray  
Richard Alphonsus Donahoe  
Martha Bielish  
Guy Charbonneau  
Arthur Tremblay  
Hon. C. William Doody  
Heath Nelson Macquarrie  
Nathan Nurgitz  
Cyril B. Sherwood

### NEW SENATORS INTRODUCED

**The Hon. the Speaker** having informed the Senate that there were senators without, waiting to be introduced—

The following honourable senators were introduced; presented Her Majesty's writs of summons; took the legally prescribed oath, which was administered by the Clerk; and were seated:

**Hon. Robert Muir**, of Sydney Mines, Nova Scotia, introduced between Hon. Jacques Flynn, P.C., and Hon. John M. Macdonald.

**Hon. L. Norbert Thériault**, of Baie Ste-Anne, New Brunswick, introduced between Hon. Raymond J. Perrault, P.C., and Hon. Louis-J. Robichaud, P.C.

**Hon. Dalia Wood**, of Montreal, Quebec, introduced between Hon. Raymond J. Perrault, P.C., and Hon. Pietro Rizzuto.

**Hon. Fernand-E. Leblanc**, of Montreal, Quebec, introduced between Hon. Raymond J. Perrault, P.C., and Hon. Jean Marchand, P.C.

**Hon. Yvette Boucher Rousseau**, of Sherbrooke, Quebec, introduced between Hon. Raymond J. Perrault, P.C., and Hon. Jean Marchand, P.C.

**Hon. Robert R. de Cotret**, P.C., of Ottawa, Ontario, introduced between Hon. Jacques Flynn, P.C., and Hon. Rhéal Bélisle.

**Hon. Reginald James Balfour**, of Regina, Saskatchewan, introduced between Hon. Jacques Flynn, P.C., and Hon. Duff Roblin, P.C.

**Hon. Lowell Murray**, of Ottawa, Ontario, introduced between Hon. Jacques Flynn, P.C., and Hon. David Walker, P.C.

**Hon. Richard Alphonsus Donahoe**, of Halifax, Nova Scotia, introduced between Hon. Jacques Flynn, P.C., and Hon. G.I. Smith.

**Hon. Martha Bielish**, of Warspite, Alberta, introduced between Hon. Jacques Flynn, P.C., and Hon. Paul Yuzyk.

**Hon. Guy Charbonneau**, of Montreal, Quebec, introduced between Hon. Jacques Flynn, P.C., and Hon. L. P. Beaubien.

**Hon. Arthur Tremblay**, of Quebec City, Quebec, introduced between Hon. Jacques Flynn, P.C., and Hon. Martial Asselin, P.C.

**Hon. C. William Doody**, of St. John's, Newfoundland, introduced between Hon. Jacques Flynn, P.C., and Hon. John M. Macdonald.

**Hon. Heath Nelson Macquarrie**, of Victoria, Prince Edward Island, introduced between Hon. Jacques Flynn, P.C., and Hon. Orville H. Phillips.

**Hon. Nathan Nurgitz**, of Winnipeg, Manitoba, introduced between Hon. Jacques Flynn, P.C., and Hon. Duff Roblin, P.C.

**Hon. Cyril B. Sherwood**, of Norton, New Brunswick, introduced between Hon. Jacques Flynn, P.C., and Hon. Edgar Fournier.

**The Hon. the Speaker** informed the Senate that each of the honourable senators named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate,

the Commissioner appointed to receive and witness the said declaration.

The Senate adjourned during pleasure.

## APPOINTMENT OF DEPUTY GOVERNOR GENERAL

**The Honourable Ronald Martland**, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne—

**The Hon. the Speaker** commanded the Gentleman Usher of the Black Rod to proceed to the House of Commons and acquaint that House that:

It is the desire of the Honourable the Deputy Governor General that they attend him immediately in the Senate Chamber.

The House of Commons being come,

**The Hon. the Speaker** said:

Honourable Members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his sign Manual and Signet constituting the Honourable Ronald Martland, Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The said Commission was then read by the Clerk.

**The Hon. the Speaker** said:

Honourable Members of the Senate:

Members of the House of Commons:

I have it in command to let you know that His Excellency the Governor General does not see fit to declare the causes of his summoning the present Parliament of Canada until a Speaker of the House of Commons shall have been chosen, according to law; but this afternoon at 2:45 o'clock His Excellency will declare the causes of his calling Parliament.

The House of Commons withdrew.

The Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

## COMMUNICATION FROM GOVERNOR GENERAL'S SECRETARY

**The Hon. the Speaker** informed the Senate that a communication had been received from the Secretary to the Governor General, as follows:

RIDEAU HALL  
OTTAWA  
GOVERNMENT HOUSE

October 9, 1979

Sir:

I have the honour to inform you that His Excellency the Governor General will arrive at the Main Entrance of the Parliament Buildings at 2.45 p.m. on this day, Tuesday, the 9th of October 1979, and when it has been signified that all is in readiness, will proceed to the Chamber of the Senate to open formally the First Session of the Thirty-first Parliament of Canada.

I have the honour to be,  
Sir,

Your obedient servant,  
Esmond Butler  
Secretary to the Governor General

The Honourable

The Speaker of the Senate,  
Ottawa.

The Senate adjourned until 2.30 p.m.

SECOND SITTING

The Senate met at 2.30 p.m., the Speaker in the Chair.

**The Hon. the Speaker:** As there is no business before the Senate, is it your pleasure, honourable senators, that the Senate do now adjourn during pleasure to await the arrival of His Excellency the Governor General?

The Senate adjourned during pleasure.

At 2.45 p.m., His Excellency the Governor General having come and being seated upon the Throne—

**The Hon. the Speaker** said:

Gentleman Usher of the Black Rod,

You will proceed to the House of Commons and acquaint that House that it is the pleasure of His Excellency the Governor General that they attend him immediately in the Senate Chamber.

The House of Commons being come,

**Their Speaker, the Hon. James Jerome**, said:

May it please Your Excellency,

The House of Commons has elected me their Speaker, though I am but little able to fulfil the important duties thus assigned to me.

If, in the performance of those duties, I should at any time fall into error, I pray that the fault may be imputed to me, and not to the Commons, whose servant I am, and who, through me, the better to enable them to discharge their duty to their Queen and Country, humbly claim all

their undoubted rights and privileges, especially that they may have freedom of speech in their debates, access to Your Excellency's person at all seasonable times, and that their proceedings may receive from Your Excellency the most favourable construction.

**The Hon. the Speaker of the Senate** answered:

Mr. Speaker, I am commanded by His Excellency the Governor General to declare to you that he freely confides in the duty and attachment of the House of Commons to Her Majesty's Person and Government, and not doubting that their proceedings will be conducted with wisdom, temper and prudence, he grants, and upon all occasions will recognize and allow, their constitutional privileges. I am commanded also to assure you that the Commons shall have ready access to His Excellency upon all seasonable occasions and that their proceedings, as well as your words and actions, will constantly receive from him the most favourable construction.

SPEECH FROM THE THRONE

His Excellency the Governor General was then pleased to open the First Session of the Thirty-first Parliament with the following speech:

[English]

*Honourable Members of the Senate:*

*Members of the House of Commons:*

I have the honour to welcome you to the First Session of the 31st Parliament of Canada.

Canada has been honoured this year by visits from two members of the Royal Family. In April the Prince of Wales travelled to the west and north and to Toronto and Ottawa. In June and July Queen Elizabeth, The Queen Mother graciously undertook engagements in Halifax and Toronto. Members will be pleased to hear of Prince Philip's forthcoming brief visit this October in preparation for the Duke of Edinburgh's Commonwealth Study Conference in Canada next spring. Meanwhile in November Princess Anne will fulfil engagements with the Canadian Save the Children Fund.

During this year I have had a most memorable opportunity to reinforce my appreciation of the beauty, variety and natural wealth of our country. My wife and I have experienced the warm welcome extended to us by each region in its own special way. We have paid official visits to all ten Provinces and the Northwest Territories, and we look forward to a visit before long to the Yukon Territory. We have also had periods of residence in The Citadel, Quebec, and in quarters made available in the Governor's House at Lower Fort Garry.

I am proud, in my capacity as representative of our gracious Sovereign Queen Elizabeth II, to participate in this important ceremony in the life of our nation, which brings together the three elements of the Parliament of Canada, the Crown, the Senate and the House of Commons.

I look forward to meeting the Members of this new Parliament.



My Ministers were given a mandate to change the direction of the Government of Canada, as we enter the 1980's. The basic purposes of that change will be to enhance the rights, freedoms and opportunities of individual Canadians, and re-establish the spirit of partnership and renewal which are fundamental to our Federation.

[Translation]

The mandate of my Ministers is also to build upon the special strengths of Canada. We front on one mass market and three great oceans, with access to the world. Each of our regions contains vast physical resources which can be the basis of industrial strength well into the future. Confident local identities are emerging—rooted in language, custom and community—and yielding a cultural vitality unique among nations. My Ministers believe that the way to build a whole nation is to respect our individual parts, and you will be invited to consider measures to build upon the diverse regional and cultural strengths of Canada.

During the past four months, my Ministers have made every effort to change the climate of federal-provincial relations which has prevailed in recent years. As a result of their efforts, there has been visible progress. An agreement on lotteries has been concluded and agreement in principle has been reached with certain coastal provinces concerning offshore mineral resources. Bringing about this change in relations is fundamental to my government's philosophy. Working with our provincial partners, we seek practical solutions to concrete problems.

To make federalism work, it is essential to change the attitudes of the past and the federal government must set the example. Accordingly, it is a primary goal of my Government to bring about a new era in federal-provincial relations. Consultation and cooperation will be the hallmarks of that new era. The time has come to reconcile our differences. It is time to work together to fully realize our country's potential. It is by building for the future that we will renew Canadian federalism. In this spirit, my Government looks forward to the next Conference of First Ministers in Ottawa this year.

[English]

Citizens and Parliament can control government only if information is public. You will be asked to approve Freedom of Information Legislation based on the principle that government information should be available to the people, that necessary exceptions to that principle should be limited and specified, and that disputes over the application of those exceptions should be resolved independently of the Government.

To correct inequities currently borne by some Canadian individuals, you will be asked to amend sections of the Indian Act, to extend spouses' allowances in circumstances where they are now denied, to amend certain legislation respecting veterans, and to further protect the privacy of individual Canadians.

You will also be asked to consider reforms to extend the power of Parliament. Proposals will be submitted to the Standing Committee on Procedure and Organization to strengthen

the powers and resources of parliamentary committees, to accord more prominence to private members' initiatives, and to make my Ministers more accountable to you. The Standing Committee also will be invited to consider the question of a permanent Speaker for the House of Commons.

To demonstrate the capacity of Parliament, you will be asked to approve the immediate establishment of four small select committees, with the resources and powers necessary to enquire fully into the special needs of handicapped and disabled Canadians; measures to strengthen the role of the voluntary sector in our society; policies with respect to foreign ownership, including the operations of the Foreign Investment Review Agency; and measures necessary to prevent recurring cost overruns on major government projects. You will be invited to establish a Joint Committee to undertake a broad enquiry into the future development of nuclear energy in Canada. In addition, Standing Committees of Parliament will be invited to examine Canadian cultural policy, Canadian foreign policy, and the retirement income needs of Canadians in the 1980's. Annual Reports of Crown Corporations, the Commissioner of Official Languages, the Economic Council of Canada and other similar bodies will be referred automatically to the appropriate committees of Parliament.

To broaden responsibility for the management of Parliament, Privy Councillors not members of Cabinet and drawn from both sides of the House will be invited to serve as Commissioners of Internal Economy.

[Translation]

My Ministers believe the greatest immediate challenge facing Canada today is to restore growth, confidence and jobs to the Canadian economy. While our economy faces serious immediate problems, my Government believes the economic potential of Canada is the strongest in the world. My Ministers will propose a five-part strategy to build on that potential.

First, my Ministers will reduce the burden of government on the economy by better controlling expenditures. A new expenditure management system has been introduced within the government to set strict overall spending limits, to ensure that all ministers accept full responsibility for spending restraint, and to require that funds for new programs come from savings in existing programs. In that context, you will be asked to approve creation of a Ministry of State for Social Development to better coordinate social programs and expenditures.

My Government has initiated action to reduce the size of the Federal Public Service and to offer for private purchase and ownership Crown corporations operating in areas where direct government intervention is no longer necessary. Legislation will be introduced to strengthen control over and accountability of remaining Crown corporations. You will also be asked to approve "sunset" legislation to provide a regular opportunity for Parliament to judge whether Government programs and agencies need continue in their present form, if at all. The form of the estimates to be placed before you will be improved to provide more accurate information. You will be given projections of Government revenues and expenditures for

the next four years so that you can judge the probable impact of today's decisions on tomorrow's economy.

[English]

Second, my Government will place greater reliance on individual initiative to generate growth and jobs for Canadians. You will receive proposals for regulatory reform, designed to ensure that the certainty and nature of government regulation encourages individual initiative and planning. Measures will be introduced to expand research and development in Canada and to further promote exports of Canadian goods and services. You will be asked to approve agreements arising from the Tokyo Round of multilateral trade negotiations, including adjustment measures for industries adversely affected by those agreements. The Minister of State for Economic Development will convene a National Economic Development Conference to discuss with the provinces, business, labour, cooperatives and other groups Canada's economic goals for the decade ahead, and how they might best be achieved in a spirit of full economic partnership. In that same spirit, legislation will be introduced to improve the handling of industrial disputes within federal jurisdiction.

Third, my Government will propose measures to help individual Canadians build a stake in our country. You will be asked to approve a program of tax credits for mortgage interest and property taxes. Measures will be placed before you to assist small and medium-size enterprises, and to encourage more Canadians to participate in the ownership of public and private enterprises. You will be asked to consider revisions to the Employment Tax Credit program, the creation of a Youth Employment Secretariat, and other measures to create new jobs for young Canadians. An employment strategy for women will be placed before you. Programs to assist native Canadians to develop and apply work skills will be expanded. Changes will be introduced in the unemployment insurance program to ensure greater equity and to remove disincentives to work.

Fourth, my Government will ask you to support programs which build upon the strengths of the regions of Canada. Legislation will be placed before you to strengthen the mandate of the Department of Regional Economic Expansion. You will be asked to consider a White Paper on future development of our fisheries resources, prepared in consultation with fishermen, the fishing industry and the provinces. My Ministers have begun to overhaul the grain transportation system through appointment of a grain transportation coordinator, the signing of agreements for the development of the Prince Rupert terminal, and a significant increase in hopper car capacity. A Seaway Advisory Council will be created to ensure that users and affected areas can contribute to policy concerning this essential waterway. My Government will ensure an even flow of work to Canadian shipyards, as we develop an effective Canadian merchant fleet. Measures will be introduced to encourage further mining development in the Canadian North, and to strengthen the capacity of our two Territorial governments to manage their own affairs. In cooperation with

the provinces and industry, a national tourism strategy will be developed.

Fifth, my Government is committed to making Canada self-sufficient in energy by 1990. To that end, in consultation with the provinces, measures will be introduced to encourage a significant reduction in Canada's overall energy consumption, and to stimulate a major expansion in our capacity to supply and distribute energy in various forms. In bringing forth these measures, my Government accepts and respects provincial jurisdiction over resources, as it accepts its own responsibility to ensure economic stability, competitive advantage and other national objectives.

My Government views the diversity of Canada as a great national asset, and is determined to encourage, not limit, the development and expression of that diversity. That encouragement will be the beginning principle of the proposals by my Ministers for consideration by the parliamentary committee reviewing cultural policies. It will be the purpose of an amendment to the Immigration Act to embed in its preamble the multicultural fact of Canada.

[Translation]

Legislation will be introduced to encourage fuller provincial and Parliamentary participation in telecommunications policy-making. The Canadian Film Development Corporation Act will be amended to significantly increase private sector participation in the Corporation and to broaden its mandate to encompass development of the recording and publishing industries in Canada.

*Members of the House of Commons,*

During the session you will be asked to appropriate the funds required for the services and payments authorized by Parliament.

You will be asked to approve a number of bills left pending at the dissolution of the previous Parliament.

You will be asked to consider other measures.

[English]

*Honourable Members of the Senate,*

*Members of the House of Commons,*

May divine providence guide you in your deliberations.

—  
The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

—  
The sitting of the Senate was resumed.

## RAILWAYS BILL

### FIRST READING

**Senator Roblin** presented Bill S-1, relating to railways.  
Bill read first time.

**SPEECH FROM THE THRONE**

## CONSIDERATION NEXT SITTING

**The Hon. the Speaker:** Honourable senators, I have the honour to inform you that His Excellency the Governor General has caused to be placed in my hands a copy of his Speech delivered this day from the Throne to the two Houses of Parliament. It is as follows—

**Hon. Senators:** Dispense.

**The Hon. the Speaker:** Honourable senators, when shall this Speech be taken into consideration?

**Senator Roblin** moved:

That the Speech delivered this day from the Throne to the two Houses of Parliament be taken into consideration at the next sitting of the Senate.

Motion agreed to.

**COMMITTEE ON ORDERS AND CUSTOMS**

## APPOINTMENT

**Senator Roblin** moved:

That all the senators present during this session be appointed a committee to consider the Orders and Customs of the Senate and Privileges of Parliament, and that the said committee have leave to meet in the Senate Chamber when and as often as they please.

Motion agreed to.

**COMMITTEE OF SELECTION**

## APPOINTMENT

**Senator Roblin** moved:

That pursuant to rule 66, the following senators, to wit: The Honourable Senators Bélisle, Denis, Flynn, Fournier (*Madawaska-Restigouche*), Inman, Langlois, Macdonald, Muir, Perrault, Petten and Roblin be appointed a Committee of Selection to nominate senators to serve on the several select committees during the present session; and to report with all convenient speed the names of the senators so nominated.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.



## THE SENATE

Wednesday, October 10, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

**THE LATE HON. MAURICE BOURGET**  
**THE LATE HON. CLAUDE WAGNER**  
**HON. HAROLD CONNOLLY**  
**HON. EUGENE A. FORSEY**  
**HON. WILLIAM McNAMARA**  
**THE LATE RIGHT HON. JOHN G. DIFENBAKER**

### TRIBUTES

#### [Translation]

**Senator Flynn:** Honourable senators, the Senate that I see today is not quite the same as I remember it was six months ago.

First I would like to refer to some changes which have nothing to do with the election held on May 22 last.

I wish to speak of several senators who have left us.

First, Senator Maurice Bourget. He was a friend of all and had been a personal friend of mine for years.

I sat with him in the House of Commons to which he was elected in 1940, 18 years before I was. However we were defeated the same year in 1962. I remember that I was then more sorry for him than for myself.

Senator Bourget served his country some 40 years. At first, in the capacity of a member, as I said. And since 1963, he was a senator and for some time the Speaker of this house.

His contribution to the study of legislation was invaluable. As an engineer, he was a stickler for meticulousness and accuracy which often enabled him to find oversights that had escaped the attention of most of us.

Endowed with a very attractive personality, his knowledge of international matters led him on several occasions to be a highly valued Canadian representative abroad.

On behalf of the government and the Progressive Conservative caucus, I extend to his wife Margot and his children our deepest sympathy.

We also had this summer to mourn the death of the Honourable Claude Wagner, that great Quebec statesman whose stay in this house has unfortunately been far too short.

I have known few people to be gifted with as great an influence as Claude Wagner was. He will have left his mark on public life in Quebec and Canada where his followers were many. His health never allowed him to participate in the work of this chamber as often as he would have wished; yet, he did

manage to make a few remarkable interventions. And each time, it was obvious that we were fortunate in having the opportunity of listening to a man of such outstanding national importance, a man whose knowledge and love of country were exemplary.

His wife Liselle and his children, whose support never failed him, know that we have all suffered bitterly from his loss.

Less sad but equally regrettable is the departure of Senator Forsey who has retired. The moment he chose to do so allowed him to retire discreetly; after a fashion, of course, since he has reached the age of compulsory retirement. But the influence he exercised on our assembly is such that we are all saddened at his no longer being able to be one of us. In short, it is extremely difficult to get used to the idea that he will no longer sit among us.

I believe it can be said without fear of hurting anyone that Eugene Forsey was the best known Canadian senator. His dynamism and tireless devotion guarantee him a very special place in the hearts, and especially the minds, of all Canadians who read the newspapers. Through his works, he in a way contributed to popularizing the Senate. That entitles him to all our gratitude.

● (1405)

#### [English]

Senators, let us be thankful that there is more than one way to leave this place. Senator Forsey will be with us for a good time yet. His work, and, Lord knows, the need for his wisdom, is not nearly at an end. I am quite sure that we will see him around. We should arrange to be able to seek his advice as often as possible.

I would also like to pay my personal respects to Senator Bill McNamara, who took his leave of us over the summer just ended. As a man of the west who served for 12 years as Chief Commissioner of the Wheat Board, a position of vast consequence, Senator McNamara had an appreciation shared by few of the difficulties and yet the potential facing those who farm our great Canadian bread basket. Not surprisingly, therefore, his views on transportation, agriculture and related matters in particular were incisive and always relevant. His expertise cannot, I think, be easily replaced in the Senate. I extend to him the warm wishes of his friends here and of the Government of Canada.

Senator Harold Connolly also retired this past summer. The good senator had been in ill health for a number of years and, regrettably, his participation in debate was restricted as a result. With him go our best wishes for the future.

Finally, honourable senators, I take leave to pay respect, on behalf of us all, to the late Right Honourable John George Diefenbaker.

The former Prime Minister's death shocked us all. Not in perfect health for a number of years, he nevertheless was such a part of Parliament, a giant within the process, that it is difficult to imagine him no longer here.

My personal career in politics has been closely associated with Mr. Diefenbaker's. In 1957 I ran with him and for him in the province of Quebec. By 1958 his style had gripped the land. I came to Ottawa and subsequently served in his ministry. My presence in the Senate is as a result of his appointing me.

In such an intertwining of careers one is left with inescapable memories of the man. His populism—the degree to which he opened the process—is now legend. For many of us the civil libertarian and humanitarian principles which he espoused gave greater meaning to our political involvements. He understood and respected the law and strove to make it equitable. His Bill of Rights remains a lasting imprint on Canadian jurisprudence. We shall not again be graced by the likes of John Diefenbaker. Those of us who knew him must count ourselves among the luckiest of Canadians. We shall all remember him.

I have alluded to events that had nothing to do with the election. I am not going to deal with substantive changes at this time. But as we begin this Thirty-first Parliament with a new Speaker in the Chair I think it is appropriate for me to pay tribute to Senator Allister Grosart. He is a friend upon whom I have relied for much in recent years, and I am pleased to see that he has assumed the pre-eminent position among us. I am sure we all concur in applauding the wisdom of the senator's appointment to the Chair.

**Hon. Senators:** Hear, hear.

**Senator Flynn:** As a man well-versed in not only the rules but the traditions, customs and practices of this house, Senator Grosart is superbly qualified to discharge all official functions incumbent upon his new role. I join with all senators in offering congratulations and good wishes for his term.

[*Translation*]

Honourable senators, as we are on the subject of the new Speaker, I would also like to pay homage to his predecessor, the Honourable Renaude Lapointe who occupied the Chair in this house. Her charm was certainly a great asset to the Senate.

She carried out her duties in this chamber with a great deal of tact. But it is especially outside this house, in the social role that she played, that she distinguished herself by making friends of Canada all those she met as Speaker of the Senate. We are happy that she can now take a less neutral stand and return to her former activities.

I indeed remember a rather virulent speech she once gave, and we are anxious to hear her speak again in such a way. We are nevertheless very grateful to her for what she did for Canada while she occupied the Chair.

[*Senator Flynn.*]

I would also like to take this opportunity to extend a hearty welcome to all our new colleagues. There are indeed some notable personalities who entered this chamber yesterday and who may make a contribution, and transform the Senate or at least initiate some reform. We are indeed most happy to have them among us.

[*English*]

To those on this side of the chamber who took their seats yesterday, I extend an additional special welcome. We have suffered an imbalance in this place for some time, and it is refreshing to me that strides have been made towards infusing our ranks with blood of a bluer variety.

**Hon. Senators:** Hear, Hear.

**Senator Perrault:** Honourable senators, it is good to be back here again, but not necessarily on this side of the chamber. I read some press comments that members of the party of which I am a long-time supporter had been cast into the outer darkness of opposition, but I reassure myself this afternoon when I note there is a good deal of illumination on this side. I hope it will continue throughout the life of this Parliament and that we may provide illumination on a number of issues which confront Canadians.

● (1415)

First of all, honourable senators, may I express, on behalf of the official opposition in this chamber, our great delight and joy that the Honourable Senator Allister Grosart has been appointed Speaker.

**Hon. Senators:** Hear, hear.

**Senator Perrault:** I think it is no secret that there is a great deal of enthusiasm on the part of supporters of the Liberal Party that with the change in government this great and unregenerate Tory should have been appointed to this high post, and we know that he will be meticulously objective in all of his judgments and rulings. Our new Speaker has a great sense of this place, a great sense of Parliament, and we feel sure that he will serve us in a distinguished way.

I am pleased to join in the eloquent tribute accorded our outgoing Speaker by the Leader of the Government, Senator Flynn. The Honourable Senator Renaude Lapointe, whether in this chamber or when travelling on behalf of this house throughout this nation or abroad, has always brought great honour to the Senate and to Parliament. We are proud of Senator Lapointe. She has been a great Speaker who has served us superbly.

**Hon. Senators:** Hear, hear.

**Senator Perrault:** Senator Flynn, in his remarks, described some of the grievous losses of members that we have suffered over recent months. Certainly March 29 last represented a grievous loss for his family and his nation, and for Parliament, when the Honourable Senator Maurice Bourget passed away.

Inevitably, information contained in the *Parliamentary Guide* is rather sketchy. Only in very cryptic form does it describe the careers of those who serve in Parliament. We read that he was elected to the House of Commons in 1940, and



was re-elected in 1945, 1949, 1953, 1957 and 1958. But a recital of dates does little to describe the Maurice Bourget that we knew.

Senator Flynn has described many of his other qualities and activities. This was a man who was a friend to all of us, wherever we sat in this house. He was always ready to defend a good principle, always prepared to be a good friend in a whole range and host of ways. He was a shining example of what public service can really be all about, regardless of one's political affiliation. This former Speaker and great parliamentarian brought great honour to the province of his birth and his nation, and to Parliament.

I join Senator Flynn in extending to his wife and children our condolences and our sympathy. I know other senators will wish to speak about Senator Bourget later.

Another great Canadian was taken tragically on July 11, the Honourable Claude Wagner. There were many wonderful characteristics of this man, but surely one of his most appealing qualities at this time of great national concern about unity was his dedication to national unity. He was concerned for the welfare of Canadians wherever they live, whether in the Atlantic provinces, on the west coast, in central Canada, the north, Quebec or Ontario. He was a man of great vision taken too soon. Again we extend to his wife and children our condolences and our sympathy.

Some of our members have departed through retirement, such as Senator William McNamara, whose prairie farm background eventually led him around the world in a distinguished career as the Chief Commissioner of the Canadian Wheat Board from 1958 to 1970. As honourable senators are aware, he was responsible for negotiating Canada's first major wheat sales to China. I remember some years ago I went on a visit to China with Senator McNamara, and the two most famous Canadian names in China at that time were Dr. Norman Bethune and William McNamara. It was a great revelation for me and other delegates. Senator McNamara established the foundation for literally millions of dollars' worth of wheat sales annually for Canadian farmers and the Canadian economy generally. He certainly will be missed.

Senator Forsey—I note from the record, and I was acutely aware at the time when I served as Leader of the Government in the Senate—did not always vote with the government side. He was essentially a proud and independent spirit.

He had been a senator for only nine years, but earned this chamber a mountain of recognition in that time. The image of a staid and somnolent institution—which we all know is incorrect—has regularly been shattered by the brisk, machine-gun logic of our esteemed colleague. And he demonstrated that senators can legislate, can educate, and can also entertain. He did this all the time with a superb command of both official languages.

He was honoured on the Hill the other evening in a very appropriate fashion. I can tell you that all of us are going to miss his presence here. I suppose he would be described as a constitutional expert, monarchist supreme, and guardian of the

BNA Act, and an unrelenting opponent of those who tinker for the sake of change. Eugene Forsey needs to be shown something better before it receives his seal of approval. And woe betide the proponents of any constitutional measure which does not have his approval. Eugene Forsey certainly does not mince his words. He will be missed. I hope he will stay close to the Hill so that he may provide assistance and guidance for all of us.

It seems to me that this is a time when we should consider once again the establishment of a senator *emeritus*.

**Hon. Senators:** Hear, hear.

**Senator Perrault:** I advance this in all seriousness. I am sure there is a place for those with great talent, capacity and ability who may have gone beyond the formal retirement age of 75, but who still have a great deal to contribute to our nation. I urge the Leader of the Government to consider this as one of the many reforms which I am sure he hopes to introduce.

For all of Canada, the passing of the Right Honourable John G. Diefenbaker was a traumatic event. John Diefenbaker will long remain in the minds and hearts of Canadians as an unforgettable man. A characteristic of the late Mr. Diefenbaker was that no matter how vigorous the opposition to some of his most cherished ideas, he always recognized the right of the other party to be heard, and he relished the idea of having his ideas assaulted in this fashion. He always had good words for anyone who would engage in vigorous parliamentary debate. That is the way Parliament should be. In fact "parliament" derives from the word "parole", meaning "to speak." Mr. Diefenbaker never let us forget that.

To those of us who had the unique opportunity to know him in our day-to-day work, he was constantly here among us in a most visible and vigorous fashion. But beyond these walls, many Canadians felt that they knew the man just as well as his closest confidants. That is perhaps the most telling feature of John Diefenbaker's work and his style of public life. He was able to touch people—great numbers of people—in a highly personal way.

History will record the ups and downs of his political career for future generations to study and analyze. Liberals, particularly, at this time are mindful of the fact that Mr. Diefenbaker lost many elections before he came to power, but we hope our return will not be delayed to the extent of his defeats in what I understand were seven straight elections.

**Senator Flynn:** Five.

**Senator Perrault:** For us in our time we are grateful for the opportunity which history gave us to know John Diefenbaker in a personal way, to share some of his time with him, to witness his work first hand and to be certain that he strove to leave this land better than he found it.

During the course of the upcoming debate, I hope to make reference to the many new senators who have been appointed to this chamber. All of us feel that there are great resources of talent and ability that can be put to work to serve the interest of the Canadian people. Together with my colleagues I look forward to working with these new senators.



## [Translation]

**Senator Asselin:** Honourable senators, I would like to join both leaders in the Senate, the government leader and the leader of the official opposition, to pay tribute as well in this house to the memory of a great friend, the late Senator Bourget.

Even though we were not of the same political affiliation, we had the opportunity many times to exchange views dispassionately on Canadian politics. Senator Bourget I recall was very concerned about the future of this country. He spoke about the things to do to safeguard Canadian unity with great emotion.

I know his departure took us all by surprise. I am sure he will be missed immensely in this place. It should be recalled that his joviality and good humour reflected the grandeur of his feelings and thoughts. So what could I add but to join my colleagues in offering his charming wife, as well as his two daughters, my sincere sympathy in the difficult moment they are going through?

I would also like to add a word about the death of Senator Wagner. Senator Wagner left us in his early fifties. His political life had had many perturbations. He is one of those who could have told us about all the sacrifices a man who has chosen to serve his fellow citizens in political life must make. However, he had great willpower and a great desire to succeed but was not always able to reach his goals. That is in the end, honourable senators, the story of several politicians.

He had been with us for a short time but he was already known for his straight speaking and his views on the new direction of this country. Canada and Quebec lost in him an important leader.

I will cherish the thought of a man who had much affection for his family. I join with others in offering his family my most sincere condolences.

I do not want to prolong my remarks but I would like to echo what Senator Flynn and Senator Perrault said about Senator Forsey and Senator McNamara and the sympathy they expressed with respect to my former leader, the Right Honourable John Diefenbaker.

**Senator Langlois:** Honourable senators, it is with very deep emotion that I join honourable senators who spoke before me to pay sincere homage to our lamented and very distinguished ex-colleague, the late Senator Maurice Bourget, former Speaker of this house.

My association with him goes back nearly forty years, during which time we were called upon to work very closely in federal politics, first at the local organization level of our party for eastern Quebec, then as colleagues in the House of Commons for twelve years, and finally, in this house for thirteen years.

This long association was always most pleasant and imbued with mutual confidence and great friendship. During this period, I had the opportunity to appreciate the extraordinary mental and spiritual qualities of our late colleague.

[Senator Perrault.]

I also know that I speak for all my colleagues in this house who had the advantage to know him like I did when I say that Senator Bourget occupied the exalted position of Speaker of the Senate with dignity and devotion and a very great distinction, and that he contributed to strengthening the prestige as much of the Senate as of the Canadian parliamentary system.

Our late colleague served his country well. He has left unforgettable memories in the hearts of all those who had the honour and the pleasure to work with him in federal politics. For my part, I have the sincere feeling that I have lost not only a great, sincere and most loyal friend, but also a fellow citizen who was greatly devoted to his country.

Honourable senators, I have the honour to express once again to Mrs. Bourget, who always supported her husband with charm, great distinction and dignity and to his two daughters, Suzanne and Louise, my most sincere condolences.

Honourable senators, I also want to join in the homage paid to our other colleagues who have left us during the holidays, that is the late Honourable Senator Wagner, the Honourable Harold Connolly, the Honourable Eugene Forsey and the Honourable William McNamara. Like all of you, I knew these honourable senators in this house. However, as concerns Senator Wagner, I also had the opportunity to know him when he was active on the provincial scene. I always had the greatest respect for him. I wish to express to his family my most sincere condolences.

There has been another great loss which has affected all of us, that of the Right Honourable John G. Diefenbaker, former Prime Minister of our country. I had the honour of sitting in the House of Commons with him and of knowing him when he was in the opposition in the other place. I have fond memories of him following my personal contacts with him, especially when he occupied the office next to mine. At that time, he shared an office with the honourable member for Grey-Bruce, I believe. At that time, I was able to meet him often, and also share his great sadness on the death of his first wife. This was a great loss for him. He often came to talk about it with me in my office. It was at that time of his life that I knew him most intimately.

Honourable senators, parliamentary life always holds such losses for us. We regret them and we express the fond wish that the immediate future will bring fewer of them, as we are confident that the new members of this house will be worthy successors of those who have left us.

● (1435)

## [English]

**Senator Connolly:** Honourable senators, because of restrictions of time, I would at the outset like to associate myself with the things that have been said by my colleagues here in the Senate about the passing, first of all, of the Right Honourable John G. Diefenbaker, and then of the passing of Senator Wagner who showed so much promise but who was here so short a time.

Then I would like to refer to the loss we have sustained in the retirement of Senator McNamara whose understanding of

world affairs and particularly of world trade was so valuable to us during the nine years he was here. Then I should like to turn to my namesake, so far as the last name is concerned at least, Senator Harold Connolly whose health, unfortunately, did not allow him to participate in our work in latter years to the extent that he would have liked.

But I should particularly like to say something about our great friend Senator Forsey. From the time of his first intervention in the Senate, when he joined us some nine years ago, his career was one of great promise. Indeed his time here displayed the fulfilment of that promise because his influence was both enlarged and solidified not only in this house, but in Parliament and in the country.

As has been said, Senator Forsey was one of the most articulate people who has ever graced the benches of the Senate, and in both languages. Senator Forsey understood Parliament and the legislative process, and his chairmanship of the Regulations and other Statutory Instruments Committee demonstrated that. The work of that committee was not newsworthy, perhaps, in the real sense of the word, but he understood the importance of Orders in Council and regulations and their effect upon legislation and the legal process, and how they could enlarge legislation unduly and far beyond the contemplation of the legislature, and how they could infringe the rights of the citizen.

This has been a major concern for many years in the upper house of the United Kingdom, the House of Lords, and Senator Forsey made it an important concern, as it must always remain an important concern, of this house. The work is tedious; the material is detailed, and meticulous study must be applied to it. The requirements of this kind of job are intelligence and judgment. Senator Forsey, and the committee, to whom I also pay tribute, did this work extremely well.

I really think, however, the fulfilment of Senator Forsey's career arose during the great constitutional debate in this house and in committees in 1978. His lifetime of study and experience, going back to his days at McGill, and his days of close association not only with the Right Honourable Arthur Meighen but with many other constitutionalists of his day, proved invaluable to him for that great debate and for the process which we all went through, and are, perhaps, continuing to go through at this time. His interventions, his letters, his articles and his interviews certainly delighted the media, but they delighted us as well. His views swayed the Senate and the committees of Parliament. He performed a signal service not only for this chamber but for our national institutions and for our country. The departure of Senator Forsey from this chamber and from Parliament leaves a great void.

● (1440)

Honourable senators, I should like at this time to say something about my friend, Maurice Bourget. I ask permission particularly to do this because when I had the privileges and responsibilities of the leadership here he was the Speaker.

His death was one of the great shocks we have had in recent years, because only days before it occurred he presided over

this house in the absence of the Speaker. Parliament will not be the same without Maurice Bourget. He had been here or hereabouts for some 40 years. He was a great gentleman; he was urbane; he was cultivated; he was considerate; and, above all, he was kind.

He had friends everywhere in Parliament, on both sides of the house. He had friends in far-flung places—in Europe, in the Middle East, and in the United States, where he went as part of his work as a parliamentarian. He had friends in all parts of Canada. He had friends particularly in the province of Quebec, and perhaps most especially in his native city of Lévis.

There is epitomized in his home high on the cliffs over Lévis, which overlooks the harbour of Quebec, an idea of what Maurice Bourget understood of the early days of this country. One of the great views in this country is the prospect of the city of Quebec from the river. Every time the Bourgets looked out of their windows they saw that view, and the view they saw distils the early history of this country, because Cartier had been there, Champlain had been there, the Indians came there to trade and the *coureurs de bois* came there to commence their journeys to the interior, the settlers were there, the missionaries went from there and the traders naturally used the river as the only highway into the interior.

All of this mixture of history was part of the background of the thinking, of the philosophy, of the life of Maurice Bourget, and that background he understood and appreciated. It was an integral part of his conception of Canada, a country that he loved deeply.

I remember, when the first flames of separatism appeared, he called me on the telephone from his home with great emotion and in great distress. I remember what he said, "What are they trying to do to my country?"—not "our country", not "your country", but "my country". He felt that he himself was being violated by the propositions emanating from separatist quarters, and he continued, "They cannot be allowed to succeed. They will not succeed."

By training Maurice Bourget was an engineer, and as an engineer his advice was sought, but as Speaker he exhibited a judicial quality that is rare even among people trained in the law. Instinctively, he had an understanding of the rules that apply in Parliament, and of the decorum that should prevail in this house. He was one of the most distinguished Speakers we shall ever see in Parliament.

To his great wife and to his two wonderful daughters we all send our very deep sympathy.

[Translation]

**Senator Denis:** Honourable senators, I would simply like to add a word in commemoration of my personal and intimate friend, the Honourable Maurice Bourget. I think everyone agrees that he was a very worthy colleague. As well we all agree he was a highly competent Speaker. Having known him since 1940 when he was first elected as member for the riding of Lévis I can say that he served exemplarily the interests of the voters of his riding.



We then became very close friends. He was almost always my deskmate except when he was Speaker of the Senate. We must all admit that his departure created an immense vacuum especially for me who always shared his joys and his sorrows.

To his distressed family, to his two daughters, to his charming wife I would like to extend my most sincere condolences. I personally extend all my sympathy to all his many friends, to all his voters from the riding of Lévis as well as to all his friends in the Senate. I feel like having lost a beloved brother. I would like also to extend my deepest sympathy to the family of Senator Wagner as well as to the family of the Right Honourable John Diefenbaker.

● (1450)

[English]

**Senator Walker:** Honourable senators, I did not intend to speak today, but the name of the late Right Honourable John Diefenbaker was mentioned, and so I shall do so.

Fifty-two years ago I met him at the first national convention of the Conservative Party, which was held in Winnipeg. He was then a tall, gangling, curly, fair-haired man with light blue eyes that pierced right through one. That quality never changed. In 1942 I nominated him for the leadership at the National Conservative Convention at Winnipeg, at which time he received an awful licking. In the meantime he had been beaten in Saskatchewan for the leadership of the provincial party, and for the mayoralty of Prince Albert. Although he had often been beaten—five times in all—he was finally elected a federal member of Parliament in 1940.

In 1948 he again ran for the leadership. On that occasion I was his campaign manager, and the present Speaker of the Senate, the Honourable Allister Grosart, was then campaign manager against him. Senator Grosart was in favour of the Honourable George Drew, and Mr. Drew won the leadership.

It must have been a great temptation for Mr. Diefenbaker to retire from such contests. In 1956 he ran again for the Tory leadership, and on that occasion he won brilliantly. At that time the present Speaker of the Senate was the campaign manager and I was acting as his official agent. All those events, in retrospect, remind us, "If at first you don't succeed, try, try again."

During my term as a cabinet minister in Mr. Diefenbaker's government, wherever I went in the world on missions for the Prime Minister, Mr. Diefenbaker was looked upon as the champion of the coloured races. That is something about which little mention has been made, but it is a fact, and it made a great deal of difference from then on in Canada's relations with the rest of the world.

Mr. Diefenbaker was also the champion of the common man, as he used to call him—the ordinary man—and gave millions of people a vision of hope that otherwise they would not have had.

I could go on to speak of his achievements, the Bill of Rights, the various pieces of legislation that he passed, "the sixty achievements" recorded in my speech in the House of

Commons *Hansard* in 1962, but time does not permit me to do so and this is not the place to do it.

As I was sitting here, I recalled that splendid poem by Lord Tennyson which most of us learned when we were at public school. I am applying this to Mr. Diefenbaker in retrospect:

When I look back on what hath been  
Like some divinely gifted man,  
Whose life in low estate began  
And on a simple village green;  
Who breaks his birth's invidious bar,  
And grasps the skirts of happy chance,  
And breasts the blows of circumstance,  
And grapples with his evil star;  
Who makes by force his merit known  
And lives to clutch the golden keys  
To mould a mighty state's decrees  
And shape the whispering of a throne.  
And moving up from high to higher,  
Becomes on Fortune's crowning slope  
The pillar of a people's hope,  
The centre of a world's desire.

**Senator Croll:** Honourable senators, I served with all those honourable gentlemen whose names have been mentioned. I associate myself with what has been said. I served in the House of Commons with Maurice Bourget, and there is really nothing that one can add to the glowing tribute that was paid to him by Senator Connolly and others.

I am a particular friend of Harold Connolly, who served in this chamber for a considerable length of time, which was cut short by illness. His was a great talent, but unfortunately he did not have an opportunity to use it in the way that would have been beneficial to Canada. He provided many years of service in his native province and for a time was provincial premier.

Eight years ago I was privileged to introduce to this house Senator Forsey, who has made a significant contribution both to the Senate and to the political life of this country.

Senator Forsey was never at a loss for words, either spoken or written, and he was always adept at recollecting what had been said by others. He has always been a very active, energetic man, and whenever we sought him, we had to search for him.

Senator Forsey possesses a thorough knowledge of the working of government. He always knew how government operated. Yet on occasion he would admit to the house that his idea of what the Senate did was something that he picked up as he went along and found that he had much to learn when he joined the Senate. It is possible that his view of the Senate changed once he was appointed, but I rather doubt that. He was not that kind of man. Senator Forsey was able to attract a great deal of attention and people began to think of the Senate as an institution somewhat better than merely a Wednesday

give-away at a supermarket. The result was that his value to the Senate was always inspiring. Senator Forsey is a scholar, a gentlemanly and courteous man. Beyond question he is a recognized expert on constitutional law. This leads me to emphasize something that is of particular interest to me, that Senator Forsey was obliged to retire from the Senate when he reached mandatory age. Such forced retirement denies us much that is valuable.

**The Hon. the Speaker:** Honourable senators, I know that this is unusual, but perhaps, with your leave, you will allow me to call to your attention the fact that Senator Forsey has not left us, that he is in the gallery. With your permission, I will ask him to move down to a seat in the front row so that we may all see his smile once again as we proceed.

**Hon. Senators:** Hear, hear.

[Translation]

**Senator Marchand:** Honourable senators, I do not intend to repeat everything that has been said about those who are no longer among us or who have left us.

I merely want to add some particular aspects which struck me, and since His Honour the Speaker has just spoken of our friend, the Honourable Eugene Forsey, the two particular aspects that I would like to underline in his regard are that he is probably one of the greatest liberal minds I have ever met, even when he spoke in conservative terms.

Mr. Forsey and myself also share something in common. As you know, Senator Forsey was director of research for the Canadian Labour Congress, which means he worked for several years in the labour movement, just as I myself did. I was greatly saddened by his retirement.

I would like to touch upon something mentioned by our leader and apparently supported by the government leader, namely, that compulsory retirement at 75 is bad. Some should retire at 50, others should stay on as long as they can efficiently serve the country.

In any event, his departure was a great loss for the Senate fortunately it is not yet a loss for the country.

I would also like to say a word about Senator Bourget. I certainly agree that he had all the qualities that were attributed to him. It reminds those of us who are from Quebec of the war years and of the very courageous stands that Senator Bourget then took in the House of Commons. That required much courage, and his attitude marked our generation.

As for the Honourable John Diefenbaker, I probably did not know him as well as most of you, but I witnessed his ardor and his fighting spirit. I have of him a vivid if not a burning memory.

If it were physically possible I could also show you some of the scars that our exchanges left me with. I am happy that action was taken to ensure that his name is remembered.

Honourable senators, I believe we should take the time to remember those who served our country. As for Mr. Diefenbaker, he is one of the rare persons I met—but there are still some in both houses—who have become true institutions, that

is, they give the impression of not merely being men but institutions, and being remembered as such in the history of our Parliament. That was true in Mr. Diefenbaker's case. I could name others, but I shall wait, as the opportunity may again present itself.

● (1500)

[English]

**Senator Goldenberg:** Honourable senators, I cannot let this occasion pass without adding a word to what has already been said. I am not going to repeat the tributes that have been paid to my old friend, Maurice Bourget; I had, however, something in common with him that no other senator had. We were born on the same day of the same year, and used to refer to each other as twins.

Claude Wagner, though he was young compared to myself, was an old colleague of mine at the Bar of Montreal. He appeared before me in arbitrations at different times before he entered politics.

I knew Bill McNamara when I was a commissioner in Manitoba and he was head of the Wheat Board.

I want, however, to make particular mention of the one who is probably my oldest friend, Eugene Forsey. I must tell you that we began our parliamentary careers together. We were active participants in the mock parliament at McGill University when we were students in the late twenties.

**Senator Asselin:** Were you a Conservative?

**Senator Goldenberg:** No, I was not a Conservative, but he was. If I remember correctly, Eugene at that time was leader of the Conservative Party in the mock parliament, and that will perhaps explain to you why, when speaking in this chamber while sitting on the Liberal benches, he could always say with pride, "I am a John A. Macdonald Conservative." He started, as you will agree, Senator Flynn, on the right track and then moved a little in between.

I will tell a story, and I hope my friend Eugene will not object. We were on the staff of McGill at the same time. At one point he went to Oxford on a Rhodes scholarship. The head of the Department of Economics at that time was Stephen Leacock, and both Eugene and I lectured under Leacock. After Eugene came back from Oxford I ran into Leacock one day in the lobby of the arts building at McGill University. He stopped me and said, "Goldenberg, what in the world has happened to Forsey?" I said, "What do you mean, Dr. Leacock?" He said, "Well, he left here a leader of the Conservative Party"—and, of course, Leacock was a Conservative—"but he has come back a socialist! What Oxford does to the people we send over, I will never understand."

Well, Eugene Forsey and I, as I said, have known each other for approximately 55 years, and it was a source of great happiness to me to be associated with him, after all these years, in the Senate.

I do not have to repeat what has already been said so eloquently about him. I know some constitutional law, but Eugene Forsey is the authority. He has guts, he is articulate, and, as has already been pointed out—and I do not think



honourable senators will object if I say this—no senator in the past, and certainly not in the eight years that I have been here, has done more to keep the Senate before the public than Eugene Forsey. I hope he will be around for a long time to come.

**Senator Roblin:** Honourable senators, I have been listening with attention and complete agreement to the observations that honourable senators have been making about the several distinguished, and, indeed, famous, people whose names are being brought into remembrance this afternoon. But when the Speaker informed us that our former colleague, Senator Forsey, was in the gallery, I thought it would be nice to say something about somebody who was present to hear it, since so often, and particularly in political life, good things are said about you only when you are dead. It is nice, therefore, as I say, to be able to say some good things about somebody when he is present to hear the opinions that are being expressed.

Eugene Forsey is a charming, vivacious, and cultivated personality. I almost described him as a cultivated “bag of tricks,” but, of course, I mean that in an affectionate sense, with regard to the capacity of his mind, informed by knowledge, and of his intellect, so disciplined by hard work.

What I particularly liked about his contributions to this chamber, among other things, was the wit and good humour with which he approached matters under discussion. I enjoyed his poetic contributions towards our debates, and I hope he will not think of it as unkindly if I say that his poetry was rather of the school of Edward Lear than that of William Shakespeare; nevertheless, both, of course, have their place in our literary tradition.

Eugene Forsey had a fund of reminiscences about famous persons in our political life which always enlivened his discourse. He always has a historical reference that could be applied to whatever situation was before us.

As we have good reason to know, he had a fund of constitutional lore which is perhaps second to none. What I liked about him also, and what I still like about him, is his capacity to judge the issues that he studies on their merits, his ability to express an independence of political opinion, which all of us are not able to command, and his capacity to go to the root and substance of any argument that might be under discussion. He saw both sides of the question, but he had the power to bring sound judgment to bear in arriving at a definite conclusion.

● (1510)

The Greeks, or Hellenes, as I suppose they are known, have been described by some wise man as being the education of Europe. I am not entirely sure Eugene Forsey was the education of the Senate, but he was certainly the education of Duff Roblin, and for that I express my gratitude and esteem.

He is the keeper of our Constitution these days, and he is the conscience of anyone who would indulge in constitutional reform, so I say to you “Beware!”

My parting shot to Eugene Forsey would be to apply to him a Scottish saying which I am sure he will be able to interpret

[Senator Goldenberg.]

without any further help from me—Eugene Forsey, lang may your lum reek.

**Hon. Senators:** Hear, hear.

**Senator Rowe:** Honourable senators, at some other time I intend to make some reference to a number of former senators to whom tributes have been paid here today. However, I should just like to make one particular reference at this time to Senator Forsey.

One fact that has not come out in all of the references—and I would be derelict in my duty if I did not remind senators of it, as Senator Forsey has on many occasions reminded us and the public of Canada—is that Senator Forsey, while he spent most of his life on what we call the mainland of Canada, was born in Grand Bank, Newfoundland. He was a contribution that Newfoundland was able to make to Canada long before 1949. Needless to say, we Newfoundlanders are very proud of the contribution that he has made.

But, while being a great Canadian, he never forgot his origins, as we can testify. On many occasions when we had constitutional problems and we appealed to Senator Forsey for advice, he was always ready to give it. In fact, on at least one occasion when I was asked how many senators Newfoundland had, although I knew that under the Constitution we were entitled to six, I embarrassed myself by naming seven. Of course, one of the seven I named, not facetiously, was Senator Forsey. We always regarded him as being, in addition to a great Canadian, a great Newfoundlander.

On behalf of all Newfoundland senators and, indeed, on behalf of all the people of Newfoundland, I should like to express our appreciation of the great contribution that that distinguished scholar and humanitarian has made to Canada.

**Hon. Senators:** Hear, hear.

## DISTINGUISHED VISITORS IN GALLERY

### DELEGATION FROM FEDERAL REPUBLIC OF GERMANY

**The Hon. the Speaker:** Honourable senators, I should like to call your attention to the presence in the gallery of some distinguished guests of the Senate and the House of Commons of Canada, and I would ask you to give them a hearty welcome. They are the Honourable Dietrich Stobbe, President of the Bundesrat of the Federal Republic of Germany. Accompanying him is a person known to us all, the Ambassador of the Federal Republic of Germany, His Excellency Erich Straetling. With them are distinguished counsellors of the Bundesrat, which is the equivalent in some ways of the Senate of Canada.

We welcome you, Your Excellency, to this chamber on this occasion.

**Hon. Senators:** Hear, hear.

**DOCUMENTS TABLED**

**Senator Flynn** tabled:

Report of Air Canada for the year ended December 31, 1978, pursuant to section 17 of the Air Canada Act, 1977, Chapter 5, Statutes of Canada, 1977-78.

Report of the Anti-dumping Tribunal for the year ended December 31, 1978, pursuant to section 32 of the Anti-dumping Act, Chapter A-15, R.S.C., 1970.

Report of the Canada Deposit Insurance Corporation, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1978, pursuant to section 46 of the Canada Deposit Insurance Corporation Act, Chapter C-3, R.S.C., 1970.

Report of exemptions authorized by the Minister of Transport under section 134 of the Canada Shipping Act in cases where no master or officer was available with required certificate and experience, for the year ended December 31, 1978, pursuant to section 134(2) of the said Act, Chapter S-9, R.S.C., 1970.

Report of the Canadian National Railways, together with the Auditors' Report on the Accounts and Financial Statements thereof, for the year ended December 31, 1978, pursuant to section 40 of the Canadian National Railways Act, Chapter C-10, R.S.C., 1970.

Report of The Canadian Wheat Board for the crop year ended July 31, 1978, including its financial statements certified by the Auditors, pursuant to section 7(2) of the Canadian Wheat Board Act, Chapter C-12, R.S.C., 1970.

Capital Budget for Central Mortgage and Housing Corporation for the year ending December 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1979-206, dated January 25, 1979.

Report of the Department of Consumer and Corporate Affairs for the fiscal year ended March 31, 1978, pursuant to section 10 of the Department of Consumer and Corporate Affairs Act, Chapter C-27, R.S.C., 1970.

Report of the Export Development Corporation, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1978, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Capital Budget of the Farm Credit Corporation for the fiscal year ending March 31, 1980, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-1022, dated March 28, 1979, approving same.

Revised Capital Budget of the Farm Credit Corporation for the fiscal year ended March 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-360, dated February 15, 1979, approving same.

Report on operations under the Regional Development Incentives Act for the month of February 1979, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of the Canadian National Railways Securities Trust for the year ended December 31, 1978, pursuant to section 17 of the Canadian National Railways Capital Revision Act, Chapter 311, R.S.C., 1952.

Report of the Minister of Industry, Trade and Commerce under the Corporations and Labour Unions Returns Act (Part II, Labour Unions) for the fiscal periods ended in 1977, pursuant to section 18(1) of the said Act, Chapter C-31, R.S.C., 1970.

Copies of amendment to By-law No. 1 of the Export Development Corporation, pursuant to section 16(3) of the Export Development Act, Chapter E-18, R.S.C., 1970.

Capital Budget of the Export Development Corporation for year ending December 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-997, dated March 27, 1979, approving same.

Report of the President of the Federal Business Development Bank, including accounts and financial statements and the auditor's report thereon, for the fiscal year ended March 31, 1979, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of Petro-Canada, including its accounts and financial statements certified by the Auditors, for the year ended December 31, 1978, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report on Prairie Farm Rehabilitation and Related Activities for the fiscal year ended March 31, 1978, pursuant to section 10 of the Prairie Farm Rehabilitation Act, Chapter P-17, R.S.C., 1970.

List of Commissions issued under authority of section 3 of the Public Officers Act during the year ended December 31, 1978, pursuant to section 4 of the said Act, Chapter P-30, R.S.C., 1970.

Report of the Public Service Commission of Canada for the year ended December 31, 1978, pursuant to section 45 of the Public Service Employment Act, Chapter P-32, R.S.C., 1970.

Reports on operations under the Regional Development Incentives Act for the months of March, April and May, 1979, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Copy of Proceedings of the Royal Society of Canada, 1978, together with a copy of the 1978-79 Calendar and a copy of the Report of Council containing the financial statements of the Society for the year ended February 28, 1979, and the auditors' report thereon, pursuant to section



9 of An Act to incorporate the Royal Society of Canada, Chapter 46, Statutes of Canada, 1883.

Report of the Standards Council of Canada for the fiscal year ended March 31, 1979, including its financial statements certified by the Auditor General, pursuant to section 20 of the Standards Council of Canada Act, Chapter 41 (1st Supplement), R.S.C., 1970.

Report of Atomic Energy of Canada Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Canadian Livestock Feed Board for the crop year ended July 31, 1978, including its accounts and financial statements certified by the Auditor General for the fiscal year ended March 31, 1978, pursuant to section 22 of the Livestock Feed Assistance Act, Chapter L-9, R.S.C., 1970.

Report of the Farm Credit Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Revised Capital Budget of the National Capital Commission for the fiscal year ending March 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1979-1538, dated May 17, 1979.

Report on operations under the Regional Development Incentives Act for the month of June, 1979, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of Eldorado Nuclear Limited and its subsidiaries, Eldorado Aviation Limited and Eldor Resources Limited, including the consolidated financial statements certified by the Auditor General, for the year ended December 31, 1978, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Capital Budgets of Eldorado Nuclear Limited and Eldorado Aviation Limited for the year ended December 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copies of Orders in Council P.C. 1979-543, dated March 1, 1979, approving same.

Report of the National Energy Board for the year ended December 31, 1978, pursuant to section 91 of the National Energy Board Act, Chapter N-6, R.S.C., 1970.

Report of the President of the National Research Council of Canada for the fiscal year ended March 31, 1979, pursuant to section 16 of the National Research Council Act, Chapter N-14, R.S.C., 1970.

Report of the President of the Natural Sciences and Engineering Research Council for the fiscal year ended March 31, 1979, pursuant to section 41 of the Natural

Sciences and Engineering Research Council Act, Part III of Chapter 24, Statutes of Canada, 1976-77.

Capital Budget of Petro-Canada for the financial year 1978, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1978-3819, dated December 21, 1978, approving same.

Capital Budget of Petro-Canada for the financial year 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1978-3820, dated December 21, 1978, approving same.

Supplementary Capital Budget of Petro-Canada for the financial year 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-1553, dated May 18, 1979, approving same.

Report of the Ministry of State for Science and Technology for the fiscal year ended March 31, 1978, pursuant to section 22 of the Ministries and Ministers of State Act, Part IV of Chapter 42, Statutes of Canada, 1970-71-72.

Report of Uranium Canada, Limited, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1978, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Army Benevolent Fund Board, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 13 of the Army Benevolent Fund Act, Chapter A-16, R.S.C., 1970.

Copies of Statement on operations under The Returned Soldiers' Insurance Act for the fiscal year ended March 31, 1979, pursuant to section 17(2) of the said Act, Chapter 59, Statutes of Canada, 1951.

Copies of Statement on operations under the Veterans Insurance Act for the fiscal year ended March 31, 1979, pursuant to section 18(2) of the said Act, Chapter V-3, R.S.C., 1970.

Copies of Statement of expenditures and financial commitments made under the Veterans' Land Act for the fiscal year ended March 31, 1979, pursuant to section 49 of the said Act, Chapter V-4, R.S.C., 1970.

Report on the administration of the Canadian Forces Superannuation Act, for the fiscal year ended March 31, 1979, pursuant to section 28 of the said Act, Chapter C-9, R.S.C., 1970.

Report on the administration of the Canadian Forces Superannuation Act, Part II, including amounts credited to or charged against the Regular Force Death Benefit Account for the fiscal year ended March 31, 1979, pursuant to section 41 of the said Act, Chapter C-9, R.S.C., 1970.

Statement by the Department of National Defence of moneys received and disbursed in the Special Account (Replacement of Material) for the fiscal year ended March 31, 1979, pursuant to section 11(4) of the National Defence Act, Chapter N-4, R.S.C., 1970.

Report of Defence Construction (1951) Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Agricultural Products Board for the fiscal year ended March 31, 1979, pursuant to section 7 of the Agricultural Products Board Act, Chapter A-5, R.S.C., 1970.

Report of the Agricultural Stabilization Board for the fiscal year ended March 31, 1979, pursuant to section 14 of the Agricultural Stabilization Act, Chapter A-9, R.S.C., 1970.

Reports of the Atlantic Pilotage Authority, the Laurentian Pilotage Authority, the Great Lakes Pilotage Authority, Ltd., and the Pacific Pilotage Authority, including accounts and financial statements certified by the Auditor General, for the year ended December 31, 1978, pursuant to section 28 of the Pilotage Act, Chapter 52, Statutes of Canada, 1970-71-72.

Report of the Canadian Egg Marketing Agency for the year ended December 31, 1978, including its financial statements and the auditors' report thereon, pursuant to section 31 of the Farm Products Marketing Agencies Act, Chapter 65, Statutes of Canada, 1970-71-72.

Report of the Canadian Grain Commission for the year ended December 31, 1978, pursuant to section 14 of the Canada Grain Act, Chapter 7, Statutes of Canada, 1970-71-72.

Report of the Canadian Turkey Marketing Agency, together with financial statements and the auditors' report thereon, for the year ended December 31, 1978, pursuant to section 31 of the Farm Products Marketing Agencies Act, Chapter 65, Statutes of Canada, 1970-71-72.

Report of operations under the Crop Insurance Act for the fiscal year ended March 31, 1978, pursuant to section 13 of the said Act, Chapter C-36, R.S.C., 1970.

Report of the National Farm Products Marketing Council, including a statement of expenses, for the fiscal year ended March 31, 1979, pursuant to section 16 of the Farm Products Marketing Agencies Act, Chapter 65, Statutes of Canada, 1970-71-72.

Report of Telesat Canada for the year ended December 31, 1978, including its accounts and financial statements certified by the Auditors, pursuant to section 37 of the Telesat Canada Act, Chapter T-4, R.S.C., 1970.

Report of the Ministry of State for Urban Affairs for the fiscal year ended March 31, 1978, pursuant to section 22 of the Ministries and Ministers of State Act, Part IV of Chapter 42, Statutes of Canada, 1970-71-72.

Report on the administration of the Criminal Law Amendment Act, 1977, Part II.1, for the year ended December 31, 1978, pursuant to section 106.9 of the said Act, Chapter 53, Statutes of Canada, 1976-77.

Report of the Science Council of Canada for the fiscal year ended March 31, 1979, pursuant to section 19 of the Science Council of Canada Act, Chapter S-5, R.S.C., 1970.

Report of operations under the Canada Water Act for the fiscal year ended March 31, 1979, pursuant to section 36 of the said Act, Chapter 5 (1st Supplement), R.S.C., 1970.

Report of the Auditor General on the examination of the accounts and financial statements of the National Battlefields Commission for the fiscal year ended March 31, 1979, pursuant to section 12 of An Act respecting the National Battlefields at Quebec, Chapter 57, Statutes of Canada, 1907-08, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Capital Budget of the National Battlefields Commission for the fiscal year ending March 31, 1980, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-2065, dated August 2, 1979, approving same.

Summary of Ocean Dumping Permits issued under the authority of the Minister of Fisheries and the Environment for the year ended December 31, 1978, pursuant to section 28(3) of the Ocean Dumping Control Act, Chapter 55, Statutes of Canada, 1974-75-76.

Copies of reports of the Administrator under the Anti-Inflation Act, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. Abex Industries Ltd., Joliette, Quebec, dated April 11, 1979.
2. Alexandria Police Commission, Alexandria, Ontario, dated July 26, 1979.
3. Mr. Antonio Boily, Jonquière, Quebec, dated August 22, 1979.
4. Bonnyville School District No. 2665, Bonnyville, Alberta, dated July 18, 1979.
5. Mr. Gaston Boudreault, Montreal, Quebec, dated June 12, 1979.
6. Mr. Réal Brassard, St. Félicien, Quebec, dated March 28, 1979.
7. Campbellford Memorial Hospital, Campbellford, Ontario, dated July 12, 1979.



8. Canada Steamship Lines (1975) Ltd., Montreal, Quebec, dated June 7, 1979.
9. The Canadian National Institute for the Blind, Regina, Saskatchewan, dated June 15, 1979.
10. The Canadian Red Cross Society, Toronto, Ontario, dated July 5, 1979.
11. Construction Labour Relations Association of British Columbia, Vancouver, British Columbia, dated May 18, 1979.
12. Corporation of the City of Chatham, Ontario, dated July 19, 1979.
13. Couturier Construction Ltd., Edmundston, New Brunswick, dated July 24, 1979.
14. R. L. Crain Limited, Ottawa, Ontario, dated April 11, 1979.
15. Domco Industries Limited, Farnham, Quebec, dated July 13, 1979.
16. Flanders Installations Limited, Vancouver, British Columbia, dated August 17, 1979.
17. Mr. Edward A. Jupp, Toronto, Ontario, dated June 12, 1979.
18. Mr. Jules Lesage, Montreal, Quebec, dated June 22, 1979.
19. Corporation de Gestion La Verendrye, La Sarre, Quebec, dated May 18, 1979.
20. Corporation of the City of London, Ontario, dated April 20, 1979.
21. Mr. Pierre Nadeau, Quebec, Quebec, dated June 12, 1979.
22. North Shore Private Hospital (1969) Limited, North Vancouver, British Columbia, dated August 17, 1979.
23. Mr. David Oberman, Montreal, Quebec, dated July 27, 1979.
24. Mr. Paul O'Neill, Toronto, Ontario, dated March 28, 1979.
25. Parry Sound and District General Hospital, Parry Sound, Ontario, dated July 16, 1979.
26. Mr. Pierre Pion, Chomedey, Quebec dated June 12, 1979.
27. Pope and Talbot Inc., Portland, Oregon, U.S.A., dated June 7, 1979.
28. Queen Victoria Hospital, Revelstoke, British Columbia, dated July 27, 1979.
29. Municipality of the County of Queens, Liverpool, Nova Scotia, dated April 6, 1979.
30. Rainycrest Home for the Aged, Fort Frances, Ontario, dated April 6, 1979.
31. Rico Equipment Ltd., Vancouver, British Columbia, dated July 27, 1979.
32. Rideau Investments Ltd., Vancouver, British Columbia, dated July 27, 1979.
33. Dr. H. W. Roenisch, Black Diamond, Alberta, dated June 22, 1979.
34. Mr. Jean-Guy Roussy, Quebec, Quebec, dated June 12, 1979.
35. Dr. P. Simard, St. André Avellin, Quebec, dated June 22, 1979 and July 19, 1979.
36. Mr. Donald N. Shaw, Mississauga, Ontario, dated July 27, 1979.
37. Mr. Hugh M. Slimon, Cayuga, Ontario, dated July 27, 1979.
38. Mr. Pierre Thomas, Montreal, Quebec, dated March 28, 1979.
39. Thompson General Hospital, Thompson, Manitoba, dated May 7, 1979.
40. Transport D'Anjou Inc., Grondines, Quebec, dated July 10, 1979.
41. Mr. Michel Tremblay, Alma, Quebec, dated June 12, 1979.
42. Trizec Equities Ltd., Calgary, Alberta, dated June 21, 1979.
43. Truroc Gypsum Products Ltd., Edmonton, Alberta, dated July 31, 1979.
44. Dr. G. M. Watson, Toronto, Ontario, dated July 27, 1979.
45. N. B. Cook Corporation Ltd., Vancouver, British Columbia, dated July 27, 1979.
46. Municipal School Board, Municipality of the County of Halifax, Halifax, Nova Scotia, dated September 18, 1979.
47. District of Campbell River, British Columbia, dated September 28, 1979.
48. Thompson General Hospital, Thompson, Manitoba, dated September 11, 1979.
49. Mr. David Oberman, Montreal, Quebec, dated October 2, 1979.
50. Mr. Donald N. Shaw, Mississauga, Ontario, dated October 2, 1979.
51. Mr. Hugh M. Slimon, Cayuga, Ontario, dated October 2, 1979.

### NORTHERN PIPELINE

#### APPOINTMENT OF SPECIAL SENATE COMMITTEE—NOTICE OF MOTION

**Senator Olson** gave notice that on Tuesday next, October 16, he would move:

That a special committee of the Senate be appointed

(1) to inquire into any matter relating to the planning and construction of the pipeline for the transmission of natural gas from Alaska and Northern Canada described in An Act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern

Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, Chapter 20, Statutes of Canada 1977-78,

(2) to consider, in particular, all reports, orders, agreements, regulations, directions, recommendations and approvals referred to in the said Act, and

(3) to report to the Senate thereon at least once in each session of Parliament during the period of the planning and construction of the pipeline;

That the committee have power to send for persons, papers and records, to examine witnesses, to print such papers and evidence from day to day as may be ordered by the committee and to adjourn from place to place in Canada; and

That the papers and evidence received and taken on the subject in the preceding session be referred to the committee.

He said: I should also like to suggest that during the discussion of this motion the Leader of the Government may wish to take into consideration the fact that the terms of reference of this committee could be expanded to take in other matters with respect to gas and oil. Perhaps an energy committee could be established, and the Northern Pipeline referred to it. At this point I am just giving notice. This is not contained in terms of reference outlined. Those are exactly the same as they were in the last session.

### SPEECH FROM THE THRONE

#### TERMINATION OF DEBATE ON ADDRESS IN REPLY ON EIGHTH SITTING DAY

**Senator Roblin**, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the proceedings on the order of the day for resuming the debate on the motion for an Address in reply to His Excellency the Governor General's Speech from the Throne addressed to both Houses of Parliament be concluded on the eighth sitting day on which the order is debated.

He said: Honourable senators, to the best of my understanding, this is a usual motion to be introduced at this time in order to set some term to the debate on the Speech from the Throne, and I trust it will be acceptable as such.

**Senator Perrault**: Honourable senators, while we on this side do not resist the motion—it is a usual initiative on the part of the government—may I suggest that there has been an unusual length of time since Parliament last met, and there is a great deal to talk about. However, we shall endeavour to accommodate ourselves to the limits suggested by this motion, but we intend to speak vigorously in the debate.

**Senator Roblin**: I thank my honourable friend for his warning. It is true there is a great deal to talk about, but I think if senators make the best use of the time available in the course

of the next eight days, they will be able to ventilate all the issues they wish.

Motion agreed to.

## QUESTION PERIOD

### THE CABINET

#### MINISTERIAL RESPONSIBILITY IN THE SENATE

**Senator Perrault**: I should like to direct a question to the distinguished Leader of the Government and Minister of Justice.

**Hon. Senators**: Hear, hear.

**Senator Perrault**: May I congratulate the leader on his elevation to high office. During his long and lonely period as Leader of the Opposition in this chamber he developed an acute understanding of the problems facing an opposition force, and thus he will be compassionate, co-operative and helpful with respect to the information that we seek on behalf of the Canadian people.

Honourable senators, Parliament last met in March. Never in this history of Canada has there been such a long period of parliamentary inactivity. We have been informed that during that intervening period of time the new government, elected by the people on May 22, has given a great deal of thought to the subject of government reorganization.

I should like to ask the Leader of the Government whether he will undertake to provide for honourable senators, perhaps in the course of his remarks during the debate on the Speech from the Throne, a detailed summary of the specific cabinet responsibilities of the members of the government who serve in this chamber. I suggest that such information would be helpful to all honourable senators, who will wish to undertake their responsibilities in the Question Period as efficiently as possible.

• (1520)

**Senator Flynn**: It is quite clear to me that as Minister of Justice I answer for that department. I have no other responsibilities. It is quite clear that Senator Asselin is responsible for CIDA and has no other departmental responsibility.

As far as Senator de Cotret is concerned, he is Minister of Industry, Trade and Commerce and answers for that department. He also has, of course, the responsibility of directing economic development generally. However, when it comes to being specific about departments interested in that, he would have to refer to the minister directly involved.

That is the way I understand the responsibilities of those in this house who are charged with departments. If the honourable Leader of the Opposition wishes to have other details, I shall be glad to supply them.

**Senator Perrault**: That would be very much appreciated by members of the opposition.



## THE ECONOMY

### INCREASE IN BANK RATE—ALTERNATIVE MEANS OF COMBATting INFLATION

**Senator Perrault:** May I ask a question of the Minister of State for Economic Development and Minister of Industry, Trade and Commerce? Yesterday interest rates were increased by the Bank of Canada, less than 30 days after the last increase. The so-called "key" bank rate was increased by three-quarters of one per cent from 12¼ per cent to a record 13 per cent on September 10. In view of the fact that the Minister of Finance, the Honourable John Crosbie, in a CBC broadcast this morning, expressed real personal doubt concerning the value and efficacy of this continuing process, what does the government propose in the way of alternative courses of action, and are such alternative courses of action being considered to combat inflation?

**Senator de Cotret:** Honourable senators, first of all may I briefly add to the comments made by my colleague, Senator Flynn. I do not propose to answer for the Minister of Finance in the Senate. I think he will certainly be called upon to answer questions that are his direct responsibility, such as stabilization policy questions, in the other place.

I would like, in answering the honourable senator's specific question on this issue, to indicate that it is my understanding that earlier today it was proposed, and unanimously agreed, that the whole question of interest rates be referred to a standing committee of the House of Commons so that there may be a thorough public hearing on the topic, and so that the matter be fully debated.

**Senator Perrault:** Surely we are not expected to wait for the report of a parliamentary committee before dealing with a critical situation affecting the lifestyle and well-being of thousands of Canadians from coast to coast, including the small businessmen of this country. Surely the honourable minister is not suggesting that we must wait for the report of a parliamentary committee before taking action on behalf of the Canadian people.

**Senator de Cotret:** Not at all. What I am suggesting is that on a question of such fundamental importance as this, and one of great complexity economically—because, as you well know, we are not living on an island by ourselves; there are some very complex links between the financial and capital markets of this country and the financial and capital markets of the rest of the world—it is of importance to have the issue debated in an open forum, and I will be more than happy to seek further specific clarification on the question from the Minister of Finance and report back to the Senate with the least possible delay.

**Senator Perrault:** That will be appreciated. I should like to ask a supplementary question. Have there been any meetings between Mr. Crosbie or any of the other economic ministers with Mr. Gerald Bouey to discuss this incredible spiral, or have any meetings been scheduled, to the minister's knowledge?

**Senator de Cotret:** I cannot answer the honourable senator's question specifically. I would expect that there have been.

However, I could not say specifically whether or not there have been, and if there have been I could not give the exact dates or times of those meetings. However, I would be most happy to inquire from the Minister of Finance and report back at the earliest possible moment.

**Senator Perrault:** We appreciate that commitment, and look forward to a reply as soon as possible.

### POSSIBLE WINDFALL PROFITS TO CHARTERED BANKS

**Senator Olson:** I should like to ask a supplementary question. Is the minister or the government doing anything to take care of the surcharge, or whatever the right term may be, for the windfall profit that will fall to chartered banks in moving up the rates on almost all of the loans on their books?

**Senator de Cotret:** Once again it would be the responsibility of the Minister of Finance to see if, in fact, that practice were followed, and if, in fact, it would result in a windfall profit such as the one you are suggesting. As is well known, an interest rate increase of this type will affect the asset structure of the banks as well as the liability structure of the banks, and I am sure it is incumbent upon the Minister of Finance to assure himself that everything is done to prevent the kind of development referred to. Once again, I would be very happy to inquire from him if he has any specific intentions, or if, for that matter, he sees that there is a problem about that kind of development.

### STRENGTH OF CANADIAN DOLLAR

**Senator Buckwold:** I have a supplementary question for the minister. The reason for raising the bank rate and prime rate, and the whole rate structure, has generally been that it is essential to do this in order to protect the Canadian dollar and prevent the outflow of capital. We have been at an interest rate a little below that of the Americans for the last week or so, and the Canadian dollar has been reasonably stable. As a matter of fact, for a while it went up a little bit. I would like the minister to indicate whether, in fact, this is not a lesson, that perhaps the time has come when we should not be relating our interest rate to that of the Americans, but should run the risk of the Canadian dollar's adjusting itself to circumstances. The government might be rather pleasantly surprised at the strength of the Canadian dollar. I wonder if I could get a response.

**Senator de Cotret:** Certainly, senator, I would be happy to respond to that question. Once again, I feel it is a question that should be properly answered by the Minister of Finance, who I am sure could give you a much longer and more thorough explanation. However, I would like to point out that, as a matter of fact, the Americans have since July increased their prime bank rate by one and a half points. We have not quite followed. The record will show that we did not increase when they increased by half a point earlier this summer. In the last round, when they increased by a full point, we have increased the bank rate in Canada by three-quarters of a point.



I think that really goes back to the question you were raising as to what kind of flexibility we had and what were going to be the impacts on the Canadian dollar. That is being monitored very closely, and we have not been following blindly on the general philosophy that whatever the United States does in terms of their monetary policy or bank rate automatically has to apply in Canada. There has, therefore, been some effort by the present government to evaluate the impact of the differential in interest rates between Canada and the United States on the value of the dollar. I might note that since the close on Friday the dollar has been losing some ground. I am sure that officials of the Ministry of Finance and of the Bank of Canada are monitoring the situation very closely to see what further developments will occur in the exchange market.

Again, I humbly suggest that an attempt be made to get a fuller explanation from the Minister of Finance in terms of what steps are being taken to monitor this process.

● (1530)

**Senator Buckwold:** How long will it take before we get these responses from the ministers to whom these questions have been diverted?

**Senator Smith (Colchester):** Not as long as you took.

**Senator de Cotret:** I shall be happy to talk to my colleague the Minister of Finance, and report back to the Senate tomorrow.

You have asked me a question about how long it will take to fully assess the impact of a narrowing differential on the value of the Canadian dollar in international markets. I think the markets will have to dictate the timing on that. The reaction is not an overnight reaction, but something we have to ponder carefully. We have to monitor developments in the foreign exchange markets to see exactly where we are going. And as soon as we have a better feel for how the market is responding to initiatives that we have taken as a government, we shall be happy to discuss them in this forum.

## THE CONSTITUTION

### OMISSION OF REFERENCE IN THRONE SPEECH TO QUEBEC REFERENDUM ON POLITICAL SOVEREIGNTY

[Translation]

**Senator Marchand:** Honourable senators, my question is directed to the Honourable Minister of Justice, that is as legal counsel for the government and Leader of the Government in the Senate, also as senior minister from Quebec irrespective of his personal opinions and his sincere concerns that I know quite well. That is not the purpose of my question.

I notice that the Speech from the Throne is absolutely quiet on the constitutional issue, particularly concerning what is going on in the province of Quebec, that is a possible referendum and its eventual effects on the whole country.

Does the government intend to keep quiet until the result of the referendum is known, or does it intend to elaborate a strategy to safeguard the general interests of Quebecers and of

all Canadians during the great manoeuvres which will take place and which are being prepared with so much fervor?

**Senator Flynn:** I believe that that type of question could be answered during the debate on the Address in reply. I intend to say a few words about that issue when I rise to speak.

While the word "referendum" is not found in the Speech from the Throne, the government is very concerned about that issue. What I have said, what the Prime Minister has said many times and what the government has said is that by our actions we will show more comprehension towards claims and representations of the provinces, and we will prove that federalism can work. With such demonstrations, we would be able, during the pre-referendum debate, to convince Quebecers they can hope to gain appropriate solutions to their problems.

The government has explained that it would not introduce a bill on referendums because we feel it would be a provocation. First we take for granted that the question will be honest. But we have to see it before deciding on that. And then we will have to know the answer before doing anything. In the light of the result we could launch a debate on the proposal made by the previous government versus the proposal of the new government.

I believe that this type of question should be raised during a debate instead of being a simple question during the question period.

**Senator Marchand:** I have a supplementary question. I agree with the minister that the attitude of governments towards one another is an element of utmost importance. However, I do not think that the problem can be solved that easily. We could improve the climate by adopting a more flexible attitude, but that would not solve the problem. So with regard to that part of the problem that cannot be solved by adopting a different attitude or by improving our relationship, does the government intend to improve its strategy in order to safeguard the general interests of the country and the interests of the people of Quebec?

**Senator Flynn:** The answer is a simple yes.

**Senator Marchand:** When?

**Senator Flynn:** Well, certainly not before the question is known.

[English]

## THE CABINET

### MINISTERIAL RESPONSIBILITY IN SENATE

**Senator Frith:** Honourable senators, I have a question for either the Leader of the Government or the Minister of Industry, Trade and Commerce.

To the question posed by the Leader of the Opposition asking for a delineation or an explanation of the responsibilities of the three ministers now sitting in the Senate, the Leader of the Government when referring to Senator de Cotret, said that so far as departmental responsibilities are concerned he is responsible for trade and commerce, for which he is the minister. Then, if I noted it correctly, the Leader of the

Government said, "He is, of course, also responsible for directing the economy."

By way of clarification, am I to understand that on this second day of the Thirty-first Parliament it is the policy of this government to have the economy of the country directed by Senator de Cotret so that questions concerning the direction of the economy are to be asked in this house, and not in the House of Commons; and that in the House of Commons, when a question is asked the Honourable Mr. Crosbie can say, "That is up to Senator de Cotret because he is directing the economy," and Senator de Cotret can say the question should be asked of the Minister of Finance?

**Senator Flynn:** Any question you have for any minister not in this house can be directed to me or possibly to another minister and it will be transmitted to that minister for reply, unless you have given us notice in advance and we have already obtained the reply. That is precise.

As far as the responsibilities of Senator de Cotret are concerned, he is, so far as departments are concerned, responsible only for the Department of Industry, Trade and Commerce. It may be that in his other capacity he will have occasion to reply to some general questions. But when there are specific questions, for instance, pertaining to the Department of Agriculture, he will not, in that capacity, reply for the Minister of Agriculture.

If Senator de Cotret wants to explain his general responsibilities so far as economic development is concerned, I invite him to do so.

**Senator Frith:** May I ask whether it is true that the Leader of the Government in the Senate said, when responding for the government in answer to the question, that Senator de Cotret is responsible for directing the economy? Is that right or not?

**Senator Flynn:** One is responsible for one's department. Senator de Cotret's department is Industry, Trade and Commerce. I shall give him the occasion to reply with regard to his other responsibilities but, technically speaking, a question of policy will have to be assessed in every case. But it may be a question concerning agriculture and a matter concerning the economy, and Senator de Cotret will take that question to the Minister of Agriculture and report the reply.

**Senator Olson:** What about economic policy?

**Senator Frith:** In this government is Senator de Cotret responsible for directing the economy, or not?

**Senator Flynn:** The cabinet is, generally.

**Senator Perrault:** On a matter of clarification, the Canadian people have been given to understand that in this re-think of cabinet structures and the whole format of government efforts have been made to co-ordinate the activities of various government departments.

I understand, for example, that Senator de Cotret chairs an economic committee of cabinet which involves representation from finance and representation from other allied economic portfolios. I find it very difficult to understand that here we have a minister who has come to the Senate, and states that he

has no knowledge of the most fundamental economic policies affecting Canada.

**Senator Asselin:** He did not say that.

● (1540)

**Senator Perrault:** I can recall that during my own experience in cabinet there was shared information with respect to economic policy, interest rates, and so forth. Are we to be told that that information now can be obtained only by sending messages from here to cabinet ministers' offices, that this information must be verified there and transcribed, with a laundered edition sent to the Senate for its perusal? If that is the case, it is not good enough.

## INTERNATIONAL TRADE

### LOSS OF SALE OF CANDU REACTOR TO ARGENTINA

**Senator Haidasz:** Honourable senators, in view of the strange and embarrassing spectacle of Canadian officials attacking each other as scapegoats for the recent failure of the federal government to sell a Candu reactor to Argentina, would the Minister of Industry, Trade and Commerce inform this chamber whether any corrective steps have been taken by the government to prevent a repetition of such bungling that produces more unemployment and a greater trade deficit?

**Senator de Cotret:** Certainly. I am happy to talk about the situation with respect to the sale of the Candu reactor to Argentina. As you are well aware, this involved complex negotiation. I do not think that one can use a simple approach to any one of the very difficult issues involved in the transaction.

There were certainly a number of considerations on the part of the Government of Argentina to the extent that we are aware of the full consideration given the matter before they reached their final decision. Certainly the fact that we had, in years past, a rather poor performance on the sale of the first reactor to Argentina weighed quite heavily in their decision. As you know, the reactor sold several years ago involved several delays in bringing it on line, and also significant cost overruns. That is certainly something that must have been considered in arriving at their final decision.

We also know that the Government of Argentina was concerned about "sole-sourcing" for nuclear energy. They were concerned about the possibility of having all of the nuclear energy technology provided by a single country and were interested in having a diversity of sources. That, by the way, is probably one of the reasons that, in announcing their decision on this particular reactor, they took steps to underline the fact that their decision applied to this next step of their program but not to the program as a whole.

Certainly the changes in the past with respect to the safeguards were involved in their decision. As you will recall, the prior government changed the safeguards requirements twice. We insisted time and time again that we would require full scope safeguards with the Argentineans. I am sure you will agree that that was, essentially, the position of the prior



government. We wanted to ensure that those safeguards were met. I do not think there was any misunderstanding on the part of the Argentinians on that account.

I think all of these considerations bore on their final decision. I, for one, said publicly that I was disappointed that we had not been granted the contract. It is something that is regrettable, but I can assure you that the decision on their part was a complex one and I do not think we can tie it into any one specific thing. It is certainly an area, in terms of the future sales of nuclear technology around the world, that is under very active consideration right now.

## INTERNATIONAL DEVELOPMENT

### CURTAILMENT OF FOREIGN AID

**Senator Haidasz:** I have a supplementary question which I think would be better answered by the Minister of State for the Canadian International Development Agency.

Would the minister inform the chamber what countries would have their foreign aid cut off or curtailed in consequence of the statement made by the Secretary of State for External Affairs that their domestic and foreign policies are abhorrent to Canada's views on civil liberties and human rights?

[Translation]

**Senator Asselin:** A joint Senate and Commons committee might be set up to review Canada's foreign affairs and foreign aid policy. At that time, all the relevant information will be given and a decision will be made regarding the proceedings and the findings of the committee.

[English]

**Senator van Roggen:** Is the minister announcing another joint committee not mentioned in the Speech from the Throne yesterday?

[Translation]

**Senator Asselin:** Honourable senators, I am not announcing that a new committee is being established. I am merely saying that we are considering setting up a joint Senate and Commons committee to study Canada's foreign affairs and foreign aid policy.

[English]

**Senator van Roggen:** My apologies. I understood the minister to say that there would be such a committee.

## FOREIGN AFFAIRS

### MEETING OF UNALIGNED NATIONS, HAVANA, CUBA— REFERENCES TO CANADA

**Senator Bird:** Honourable senators, I have a question for the Leader of the Government in the Senate which I hope he will answer on behalf of the Secretary of State for External Affairs.

In light of the recent remarks made by the Secretary of State for External Affairs about the ingratitude of Pakistan,

would the Leader of the Government supply the Senate with a transcription of every reference to Canada that was made at the meeting of unaligned nations in Havana, Cuba?

**Senator Flynn:** I will try to supply the honourable senator with that information.

### SPEECHES OF MINISTER AT UNITED NATIONS AND EMPIRE CLUB, TORONTO

**Senator Bird:** I have a supplementary question. Recent speeches made by the Secretary of State for External Affairs at the United Nations and at the Empire Club in Toronto were reported. However, we have not received them here in full. Could you supply us with transcriptions of the words uttered; not what was in the written text?

**Senator Flynn:** I am surprised that the text of the speeches has not been distributed. However, I certainly will obtain one for Senator Bird.

## THE ECONOMY

### EFFECT OF INCREASE IN BANK RATE AND OIL PRICE ON COMPETITIVE POSITION OF EXPORTERS

**Senator Bosa:** I have a question for the Minister of Industry, Trade and Commerce. In view of the substantial increase in the interest rate announced yesterday, and in view of the stated government policy that there will be a rapid increase in the price of oil to the level of that in international markets, which is bound to increase the cost of production, what measures is the minister proposing to take to maintain the competitive position of our exporters?

**Senator de Cotret:** First of all, I should like to state that we have never talked about the actual speed at which the price of domestic crude would approach world prices. I should like to emphasize that we have talked about the domestic price of energy over time approaching world prices. The Minister of Energy, and for that matter the Prime Minister, have both made it very clear that in order to protect our competitive position in world markets, the domestic price of crude would not be allowed to surpass the price of crude in the U.S., the Chicago price, and would not be allowed to get to the actual level of world prices. In other words, we would maintain a differential which would be in the interest of the Canadian competitive position abroad.

**Senator Olson:** I have a supplementary question. Would the minister tell us whether it is government policy to narrow the gap between the domestic price and the international price, or allow it to widen as happened in 1979.

**Senator de Cotret:** Once again, as you well know, the specific question of oil pricing and the schedule for further increases in oil pricing is one that is under active discussion between the Minister of Finance, the Minister of Energy, the Prime Minister and their provincial counterparts. It is not our intention, however, to allow the gap to widen. It is our stated position that we feel that gradually over time the domestic



price of crude should be allowed to approach the world level and to approach the U.S. level.

**Senator Bosa:** A supplementary question. The minister did not answer the first part of my question which related to the increase in interest rates and how that affects the cost of production.

● (1550)

**Senator de Cotret:** Honourable senators, I am a little bit at a loss. It seemed to me that the question was directed to our competitive position. As I mentioned earlier, the increase in interest rates in Canada has been less than has been the case with our major trading partners. That being so, we could not possibly be losing any competitive advantage. If anything, I would suggest that we are gaining competitive advantage by not increasing our interest rates as rapidly as are our major trading partners.

## INTERNATIONAL TRADE

### LOSS OF SALE OF WHEAT TO RUSSIA

**Senator Hays:** Honourable senators, I should like to ask a question of the Minister of Industry, Trade and Commerce. A week or ten days ago, the Minister of Transport, the minister responsible for the Wheat Board, flew to Poland to finalize a sale of 4 million tons of wheat to that country. While he was in Poland, Russia quietly purchased 25 million tons of wheat from the United States.

Was the Minister of Industry, Trade and Commerce aware of Russia's need for 25 million tons of wheat, and if so, was it a pricing problem that prevented Canada from making that sale, or was it simply that we were not aware of Russia's requirement in this regard, as a result of which we failed to tap that market—a market which is traditionally ours.

**Senator de Cotret:** I am afraid I cannot give a specific answer to that question. I will be happy to look into it and provide an answer with the shortest possible delay.

## YUKON TERRITORY

### RESIGNATION OF COMMISSIONER

**Senator Lucier:** Honourable senators, I have a question for the Minister of Justice.

Instructions were given to the Yukon Commissioner, Ione Christensen, yesterday, which brought about her resignation. Unfortunately, she learned of those instructions from a Whitehorse reporter. Were those instructions discussed with the Yukon Legislative Assembly and with the native leaders of the Yukon, who represent 30 per cent of the population; and if not, why not?

**Senator Flynn:** I am afraid I am not familiar with the circumstances mentioned by the honourable senator. I shall look into it and try to provide a reply tomorrow.

[Senator de Cotret.]

## GOVERNMENT POLICY ON RESPONSIBLE GOVERNMENT

**Senator Lucier:** While he is looking into it perhaps the minister would obtain one or two other answers for me.

The minister's letter states that the principal objective is to move to full responsible government. The Prime Minister stated during the election campaign that a referendum will take place to determine what the residents of the Yukon want in terms of constitutional development. Would the minister please inform this chamber as to what the actual policy of the government is? Will the Yukon Territory have a choice in this matter, or will it be a matter that is decided in Ottawa?

The minister's letter goes on to state that he will convene a meeting between the Government of Canada, the Yukon Territorial Government and the Council for Yukon Indians. Why was such a meeting not convened before these announcements were made, and will a meeting now be convened, and when?

It seems a little bit late for the meeting to take place, since the action has been taken, but I would like to have answers to those questions.

**Senator Flynn:** This matter is not within the responsibility of my department. I shall obtain a reply for the honourable senator.

**Senator van Roggen:** Honourable senators, I wonder if I might put a supplementary question to the Leader of the Government in the Senate. Would he also include in the reply a statement as to whether the Commissioner was instructed, or whether instructions otherwise went forward, that the Leader of the Government in the Territorial Council should refer to himself as "Premier" in future.

**Senator Flynn:** I will.

**Senator van Roggen:** My question is a serious one.

**Senator Flynn:** I do not doubt it. However, I can sometimes smile without taking anything away from the seriousness of the matter.

## HOUSE OF COMMONS

### ACCOMMODATION IN SENATE GALLERY

**Senator Bosa:** Honourable senators, I should like to address a question to the Leader of the Government in the Senate. I am wondering whether he, or any other representative of this chamber, regardless of party affiliation, was consulted before 10 seats were taken by the Prime Minister in the gallery in the other place which has traditionally been reserved for senators and their guests.

**Senator Marshall:** That is a question for the order paper.

**Senator Flynn:** I must say, honourable senators, I was not consulted. It was probably done in consultation with the Speaker of the other place. If the honourable senator wishes me to enquire, I shall try to bring in a report eventually.

## THE CABINET

### MINISTERIAL RESPONSIBILITY IN THE SENATE

**Senator Olson:** Honourable senators, I should like to raise what I think is an important matter. I am wondering whether the Leader of the Government will undertake to let us know tomorrow, or at least soon, to whom we should direct our questions.

There are three ministers in this chamber who have specific departmental responsibilities—that is, they are responsible for details respecting those departments or activities of those departments—and in that respect we do not have any problem. There is, however, a problem as to whether or not these ministers are going to answer questions on matters of policy—economic policy, social policy and, in some respects, international policy. It would save a lot of time if we knew to whom these questions should be directed.

**Senator Flynn:** Honourable senators, perhaps I should prepare a written reply to dissipate any doubt that there might be in this regard. May I suggest to the honourable senator that in previous Parliaments, when there was only one member of the administration—namely, the Leader of the Government—in the Senate, all questions were directed to him, following which he went and sought out replies. Unless he was given prior notice of the question, he would go to the appropriate minister for a reply.

The situation in this place is now very much improved and, as is now obvious, honourable senators opposite are interested in putting a good many questions to members of the cabinet in this place. We will deal with those questions as best we can.

Subject to any prepared reply I might give tomorrow, each minister in this place is responsible for his department. If a question does not relate to one of those departments, it should be addressed to me, and I shall deal with it in the same manner as did the previous Leader of the Government—and probably better.

**Senator Olson:** I have a further supplementary question. The minister no doubt recalls being in Calgary a few days ago and advising people that the top priority of this government was freedom of information. Reference to that was also contained in the Speech from the Throne. So, I presume that in addition to having three times as many ministers here, we are going to have this “practice what you preach” attitude, with the result that we can expect to get answers more rapidly. I would ask the minister, therefore, to assure us that this is going to happen in regard to questions of policy. Specific details obviously have to be sought out.

**Senator Flynn:** As policies are defined by the government, they will be announced. While the policy of greater access to government information will not make the process quicker, it will make it wider. That is the purpose of the legislation, as I understand it.

## INTERNATIONAL TRADE

### SALES POLICY RESPECTING CANDU REACTORS

**Senator Thompson:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. As I read the speech given by the Minister of External Affairs to the United Nations Assembly, she had, in a most eloquent manner, listed a number of countries which, in her opinion, had drastically violated human rights.

Is it the policy of the Minister of Industry, Trade and Commerce, therefore, to instruct his department not to pursue an active policy of selling Candu reactors to the countries listed by the Minister of External Affairs in that speech?

**Senator de Cotret:** Honourable senators, that is a question that has been discussed between myself and the Minister of External Affairs. I can assure honourable senators that there is no difficulty whatsoever in terms of actively pursuing the sale of further nuclear technology to Argentina.

**Senator Thompson:** But with respect to any country that has violated human rights, there would be no problem?

**Senator de Cotret:** There would be no problem with respect to Argentina. I can assure honourable senators that if the Minister of External Affairs felt strongly that a country was violating human rights, she would bring that to my attention, and we would act accordingly.

● (1600)

**Senator Thompson:** I think she has brought it to the attention of Canada and the world through her speech to the United Nations. Having brought to your attention the violation of human rights in those countries, what is your intention with respect to the sale of Candu reactors to those countries?

**Senator de Cotret:** I think that question has already been answered. We have not been able to sell the Candu reactor to Argentina. There was full consultation between myself and the Secretary of State for External Affairs. There is no conflict in our approach to this. We have insisted on total safeguards, and I think our position is very clear. However, should the question arise again we will deal with it at that time. I should hate to try to answer a hypothetical question about the future when there is no active case under consideration.

## ENERGY

### MEASURES TO ENCOURAGE REDUCTION IN CONSUMPTION

**Senator Austin:** Honourable senators, I should like to address a question to Senator de Cotret in his dual ministerial capacity. In so doing, let me say that I very much welcome his presence in the house and the increased vigour with which I believe our question period and our debates will be conducted, and in particular the flow of economic information I believe we will be getting as a result of his being here.

I might say in parenthesis that I still do not understand the difference between his capacity as Minister of State for Economic Development and that of other economic ministers such as the Minister of Finance or the President of the Treasury



Board. No doubt Senator de Cotret, by way of an answer to this question—which is not quite phrased as a question—will help us understand the difference.

I would like to ask him what is meant by the government in the phrase “encourage a significant reduction in Canada’s overall energy consumption”. This phrase appears in the Speech from the Throne and it seems to threaten a really difficult economic period being introduced in Canada. I would like to ask whether the government means to tell industry and consumers in this country that there must be a reduction in overall energy consumption; and, if that is what is meant, whether the minister has done a study of the impact on the various Canadian industrial sectors with respect to the cost of such an energy reduction; and, finally, what is meant by the word “significant”. That is a word that this house has debated in other contexts. Does it mean 5 per cent, 10 per cent, 20 per cent? What are you asking Canadians to do when you ask them to reduce their overall energy consumption?

**Senator de Cotret:** Honourable senators, if I might address the question as to the exact wording in the Speech from the Throne on encouraging conservation, I would like to mention to honourable senators once again a fact I am sure they are well acquainted with, and that is that we in Canada are the highest per capita consumers of energy anywhere in the world, and when we talk about conservation, certainly in an energy-short world, if we are ever going to achieve our goal of energy self-sufficiency, we have to place some emphasis on and attach some importance to the need for a nation such as ours to conserve energy. That will come as no surprise. We have had programs in the past, that the previous government introduced, with that very idea in mind, so that as much energy as possible might be conserved. I have in mind the insulation program, among others.

In putting together the new energy policy which the Minister of Energy will announce shortly, we are attaching significance to the conservation of energy. Keeping in mind, once again, that we are the highest consumers of energy per capita in the world, conservation has to be as much a part of an energy strategy in this country as the enhancement of supply, and that, I think, is what the Speech from the Throne referred to.

In terms of specific conservation goals, I am afraid I will have to ask the Minister of Energy to give me an indication if there is a specific target to be met and by what time.

**Senator Austin:** May I just draw the honourable senator’s attention to the difference between encouraging a significant reduction in Canada’s overall energy consumption and encouraging a reduction in the rate of growth of Canada’s energy consumption? I believe the former could very seriously dislocate Canadian industry.

As for the question you would like me to ask, may I ask the minister whether there is any intention on the part of this government to introduce any amendments to the Petroleum Administration Act and the amendments which were made to it by the previous government, to reduce in any way the powers

which the federal government retains under that act to set the price of oil and natural gas in Canada?

**Senator de Cotret:** I will take that question under notice and I will give an answer to it as soon as I possibly can.

**Senator Hays:** Mr. Minister, is the government planning any rationing so far as conservation is concerned?

**Senator de Cotret:** The answer to that question is no.

## THE CABINET

### MINISTERIAL RESPONSIBILITY IN THE SENATE

**Senator Everett:** Honourable senators, I believe the Leader of the Government in the Senate has just indicated that questions that are not within the ambit of responsibility of the three ministers here can be asked of them and they will check with the appropriate minister in the other place as to the answer. I think it is important, then, that we know exactly what the responsibilities of the ministers who sit in this chamber are. In respect to Senator de Cotret, I think I understand what is meant by his responsibilities as Minister of Industry, Trade and Commerce, but I wonder if he could delineate for this chamber what his responsibilities are as Minister of State for Economic Development.

**Senator de Cotret:** Honourable senators, I would be very happy to say a few words on that topic while reserving the opportunity to give a somewhat fuller description in writing of the responsibilities of the Minister of State for Economic Development.

Essentially, the Minister of State for Economic Development plays a co-ordinating role between the line economic departments of government. That co-ordinating role is played through a cabinet committee on economic development. The Ministry of State for Economic Development acts as a substantive secretariat to the cabinet committee, and is available to all the ministers who sit on that cabinet committee.

An honourable senator mentioned that the Minister of Finance and the President of the Treasury Board also sit on that committee, and they do. But they do not sit on that committee as do the line departments; they sit on all policy committees as *ex officio* members. In other words, it is not the responsibility of the cabinet committee on economic development to deal with matters, for example, that would be contained in the budget, nor is it the responsibility of the cabinet committee on economic development to deal with matters directly related to the Treasury Board. So the President of the Treasury Board and the Minister of Finance sit on the cabinet committee on economic development and all other policy committees of cabinet.

The departments that do report directly to the cabinet committee on economic development are the line departments of government that have an economic mission in life, and the role of the chairman of that committee is one of co-ordination within the new system of expenditure management that we as a government have put in place over the last few months.



As I say, I will be happy to give a more detailed description, in writing, of the role of the committee, the role of the chairman, and the role of the Minister of State, and I shall endeavour to do that in the very near future.

**Senator Everett:** I thank the minister, because I feel that that would be very useful to the members of the Senate. However, it would help us greatly if the minister could now verbally tell us what those line departments are that report to the committee.

● (1610)

**Senator de Cotret:** I will do my best at it. I hope I do not forget any. There is Agriculture, Forestry, Fisheries, Energy, Transport. Obviously there is Industry, Trade and Commerce. There is DREE.

**Senator McIlraith:** CIDA?

**Senator de Cotret:** No, CIDA reports to the cabinet Committee on External Affairs and Defence.

**Senator Olson:** Communications?

**Senator de Cotret:** Communications? No, I am sorry, not Communications. I have already mentioned Fisheries. Labour. I had not mentioned the Ministry of Labour. I think I mentioned Transport and Regional Economic Expansion. The part of Indian Affairs and Northern Development that deals with northern development. Indian Affairs reports to the Social Affairs Committee.

The Minister of State for Federal-Provincial Relations sits on the Economic Development Committee, but of course there is a cabinet policy committee in that area so federal-provincial matters are not discussed in the Economic Development Committee.

I think I mentioned Agriculture. Employment and Immigration. Apart from the unemployment insurance aspect, Employment and Immigration reports to Economic Development.

I mentioned Industry, Trade and Commerce. The Minister of State for Science and Technology. I think that is a complete list.

**Senator Everett:** Let us take the example of DREE, Mr. Minister, which reports to the committee. Is it possible that because DREE is involved solely in development that the minister then would be capable of answering questions about the Department of Regional Economic Expansion?

**Senator de Cotret:** Honourable senators, I wish to make it clear that to the extent that I am able to answer questions relating to all of these departments, I will be happy to provide whatever information I can. To the extent that questions deal with the operations of the departments and are not of course subject to discussion in committee, I will endeavour to obtain from my colleagues the appropriate information and, as expeditiously as possible, present that to the Senate.

**Senator Everett:** What I am trying to delineate is to whom we should direct certain questions. This is important to us because the efficiency in asking and answering questions is important to this chamber. Certain questions the Leader of the

Government has said we should ask him and he will endeavour to obtain the answers, but where we are dealing strictly with development, as I understand it, the minister, I gather, would be capable of answering those questions, even though they involve another department, because, indeed, in his capacity—and I must give this name correctly—as Minister of State for Economic Development, he is dealing specifically with the departments on that point.

I just wanted to make it clear that if a matter comes up in respect of DREE, and the development work that DREE has done, we should put that question directly to the minister and not to the Leader of the Government in the Senate.

**Senator de Cotret:** Yes, that is correct.

**Senator Everett:** Thank you.

## ENERGY

### SUFFICIENCY OF DOMESTIC RESOURCES

**Senator van Roggen:** I have a question for the Minister of Industry, Trade and Commerce.

I assume that the committee which he chairs would have had an item in the Speech from the Throne directly relating to energy come before his committee. If not, he may wish to discuss this question with the Minister of Energy before giving a reply.

In the Speech from the Throne his government says, and I quote:

—my Government is committed to making Canada self-sufficient in energy by 1990.

I may not have the same interpretation of the word “self-sufficient” as has the minister, but as of the last year for which I have figures, if you take all of Canada’s energy exports and imports, including electricity, coal, oil, gas and uranium, we have a surplus in our balance of trade.

**Senator Asselin:** You are making a speech. Ask a question.

**Senator van Roggen:** No, no. I am asking a question. I will come to the point very quickly.

**Senator Asselin:** You are making a speech.

**Senator van Roggen:** I am entitled to a preamble in asking a question.

**Senator Asselin:** But you are making a speech.

**Senator van Roggen:** No, I am not making a speech.

**Senator Asselin:** Well, it is a long preamble.

**Senator van Roggen:** So that the minister can understand my question, I have to put to him that, when you take all of our energy trade, we have a surplus of about \$2 billion a year, and it is going up. So I would suggest that we are self-sufficient in energy. I would suggest to him that this wording is misleading to the Canadian public, and that perhaps what his government is trying to seek is self-sufficiency in oil.

My question is: Will the minister let this chamber know, in answer to my question, whether or not this is meant to be

self-sufficiency in oil by 1990, or whether it is also to mean self-sufficiency in coal, in which we are presently in imbalance because we import more coal in the east than we export in the west? Is it meant to be self-sufficiency in petro-chemicals, meaning a combination of oil and gas, or are we to balance our exports of gas against our imports of oil?

These are very important questions. This statement is meaningless as stated in the Speech from the Throne, because we are presently more than self-sufficient in energy to the tune of \$2 billion a year.

I have asked three questions and I think the minister has them.

**Senator de Cotret:** Honourable senators, I certainly have one question: What is meant by the term "self-sufficiency"? I would be pleased to answer that question specifically.

What we mean when we talk about self-sufficiency by 1990 is that Canada would be independent from foreign sources of supply. In other words, not only that we have, in terms of consumption in Canada, an equal amount of production, part of which may be sold abroad to compensate for part of which may be bought abroad, but that we in Canada will not have to rely, by 1990, on foreign sources of energy supply. That is what is meant by the term "self-sufficiency."

**Senator van Roggen:** Does that include coal as well as oil?

**Senator de Cotret:** It includes everything. It means that we not be dependent at that point on foreign sources of energy supply; that we can at that point be self-sufficient within Canada on a coast-to-coast basis.

**Senator van Roggen:** I have a supplementary which was part of my original question. That specifically includes coal?

**Senator de Cotret:** Yes.

**Senator van Roggen:** I might remind the minister that we will import a lot of coal into eastern Canada at the moment from the eastern United States, which is cheaper than bringing it all the way from western Canada. It would seem to me that his answer would be that by 1990 we will not be importing coal from the United States but will be bringing it from western Canada. Is that correct?

**Senator de Cotret:** That is the intention. We would be self-sufficient by 1990, in the sense that we would be able to supply ourselves fully from domestic resources.

**Senator van Roggen:** Thank you very much.

## THE ECONOMY

### INCREASE IN BANK RATE

**Senator Hays:** Honourable senators, I should like to direct a question to the Minister of Industry, Trade and Commerce in connection with interest. I believe the interest rate that the bank is charging now to its blue chip customers is 13¾ per cent.

What triggered the government and the Bank of Canada to increase the interest rate? If it is a drain on the money going

out of Canada into the United States or into other countries, how much money is involved?

**Senator de Cotret:** The honourable senator is asking a question that I struggled with for a great number of years in my former incarnation. The elasticity, to put it in technical terms, and I am afraid I don't know how to explain it otherwise, but the elasticity of capital flows to changes in interest rate differentials is something that has escaped me for a great number of years, and it varies. It varies. It is not something that will be constant over time. It depends on a number of psychological factors, a number of market factors, and one month you may have a small change in interest rate differentials or the value of currencies that will mean a large outflow, or vice versa, and another month it may be quite the opposite. I don't think there is any constancy in that.

**Senator Hays:** The trade deficit dropped another \$161 million in the last six weeks, or something like that. Did that have anything to do with triggering the boosting of the interest rate?

● (1620)

**Senator de Cotret:** Honourable senators, the short answer to that question is no. There is no question that when one looks at the total system, the current account position does have an impact on our foreign exchange position and the foreign value of the Canadian dollar. Certainly one could argue that if the stream is followed down far enough, it probably does have a distant relationship. However, I believe the short answer to the question would be no.

**Senator Hays:** As a supplementary, the Minister of Finance said that we did not necessarily have to follow the United States in raising interest rates, that we could carry on quite well without having to do so. In some cases our interest rates are now up to 15 per cent, and many banks have added another one per cent.

When the Governor of the Bank of Canada telephoned the Minister of Finance—and I am sure the Minister of Industry, Trade and Commerce must have been there, because he is part of that committee—what figures were given to that committee so that it agreed that the Governor of the Bank of Canada should go ahead and hike interest rates to an all-time high?

**Senator de Cotret:** Honourable senators, I feel at ease in answering only part of the question. The Minister of Industry, Trade and Commerce was not a party to that conversation, and therefore I cannot answer the substance of the question. I shall have to refer the question to my colleague.

### EXCHANGE VALUE OF CANADIAN DOLLAR

**Senator Everett:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. The Governor of the Bank of Canada, in his statement, said that one of the reasons why interest rates in Canada had to be increased was that we could not allow the Canadian dollar to fall any further in terms of the currencies of our major trading partners because of the inflationary effect that would have.



Given that the government agrees with the action of the Governor of the Bank of Canada, does that indicate that there is now a floor under the Canadian dollar?

**Senator de Cotret:** Honourable senators, I shall raise that question with my colleague, the Minister of Finance, and will be happy to provide a specific answer.

## CROWN CORPORATIONS

### PROPOSED DISPOSAL OF ASSETS OF PETRO-CANADA

**Senator Austin:** Honourable senators, I should like to ask the Leader of the Government whether there is any intention on the part of the government to introduce amendments to the Petro-Canada Act in this session of Parliament.

**Senator Flynn:** The honourable senator knows the situation. No action will be taken by the government before it receives the report of the task force which is presently studying the kind of assets of Petro-Canada that might be disposed of.

**Senator Austin:** Could the Leader of the Government tell the Senate whether that task force is an official government advisory group or a party group, and whether it is being paid by the government for its services?

**Senator Flynn:** By the government.

**Senator Austin:** I wonder whether the government leader would give us in writing its terms of reference, so that we can determine whether it has been asked the principal question—Is Petro-Canada in the public interest and should it be kept in the public interest as a crown corporation?—or whether it has been asked some lesser question.

**Senator Flynn:** I will provide the honourable senator with that document.

**Senator Austin:** Will the government leader also undertake to provide us with the report of the task force as soon as it is available?

**Senator Flynn:** Yes, in due course.

**Senator Austin:** In accordance with freedom of information.

**Senator Flynn:** Yes, in accordance with.

## STATUS OF WOMEN

### ANNIVERSARY OF PRIVY COUNCIL DECISION

**Senator Quart:** Honourable senators, may I draw your attention to the fact that October 18 is a very special day for women senators, past, present and future, for it was on that day 50 years ago that women became persons in the eyes of the law and were eligible to be appointed to the Senate of Canada.

**Hon. Senators:** Hear, hear.

**Senator Quart:** It might be apropos to refresh our memories as to how and when women were first admitted to the Senate.

In fact, every woman senator owes a debt of gratitude to five public-spirited women from Alberta. They are Mrs. Emily Murphy, Mrs. Nellie McClung, Mrs. Louise McKinney, Mrs. H. M. Edwards and the Honourable Irene Parlyb.

Those five women, after years of sacrifice and struggle, and after having had their pleas rejected by the Canadian Parliament, presented their case to the Supreme Court of Canada and lost. However, undaunted, they carried their case before the Judicial Committee of the Privy Council, in London, England, stating their argument that Canadian women be considered as "persons" in the eyes of the law and, as such, be eligible for appointment to the Senate of Canada.

The vital question was debated pro and con as to whether women were "persons" under the terms of the B.N.A. Act of 1867. The case was heard in July 1929. After convincing argument and anxious consideration, their lordships found that the word "persons" included both men and women, and from that time on women, as "persons," were eligible to be appointed to the Senate of Canada.

It was a great victory for those five women, for the decision of the Privy Council in England reversed the decision of the Supreme Court of Canada.

The struggle commenced in 1916, and those five women battled all obstacles for 13 long years before achieving their goal. I am sure they must be chuckling with glee from their heavenly abode because, after all these years, a woman from Alberta has been appointed to the Senate of Canada. I refer to the Honourable Martha Bielish.

**Hon. Senators:** Hear, hear.

**Senator Quart:** It is interesting to note what started those five women on the warpath. It was not a case of "Cherchez la femme," but "Cherchez l'homme," for on July 1, 1915, which was Justice Murphy's first day on the bench of the magistrate's court in Edmonton, Alberta, the defence counsel, Mr. Eardley Jackson, enraged at the stiff sentence meted out to his client, objected and rudely told her that she was not eligible to sit as a judge as she was not a "person" in the eyes of the law.

The Supreme Court of Alberta supported the decision of Justice Murphy, and it was the spark that lit the fire that launched those five women on their campaign. I repeat, that incident was the match that lit the flame that sparked the campaign to change the B.N.A. Act so that women might be considered "persons" in the eyes of the law. Next week, at various places in Canada, there will be celebrations marking the anniversary of that wonderful event.

• (1630)

## SPEECH FROM THE THRONE

### MOTION FOR ADDRESS IN REPLY—DEBATE ADJOURNED

The Senate proceeded to consideration of His Excellency the Governor General's Speech at the opening of the session.

**Senator Bielish** moved:

That the following Address be presented to His Excellency the Governor General of Canada:



To His Excellency the Right Honourable Edward Richard Schreyer, Chancellor and principal Companion of Our Order of Canada, Chancellor and Commander of Our Order of Military Merit upon whom We have conferred Our Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

We, Her Majesty's most loyal and dutiful subjects, the Senate of Canada, in Parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious Speech which Your Excellency has addressed to both Houses of Parliament.

She said: Honourable senators, as I rise in this chamber on the occasion of my very first address to this body, in connection with the introduction of this motion, I feel compelled to note that my mere presence here today as a recent Senate appointee reflects something of a momentous occasion in the annals of this house. However, please allow me quickly to explain such a remark, lest you think the effect of this appointment has been to alter my sense of propriety.

I am indeed highly honoured to have been asked to serve in such a prestigious body as the Senate of Canada, and I am cognizant of the extensive traditions associated with this chamber. The significant contribution to the governing and understanding of this nation made both by senators present today and by your predecessors serves as an appropriate testimony to the conscientious and vibrant fashion in which senators have approached their functions. As a lifelong resident of a rural community in Alberta, I feel very humble in the presence of such an assembly of talent and expertise. May I simply say that my fondest hope is that in the framework of Senate activity I, also, will be able to make a worthwhile contribution, so as not to disappoint anyone in my discharging of the public responsibility which has been placed upon me.

Yet I am able to repeat, without any fear of appearing to indulge in self-aggrandisement, that my mere presence as a newly appointed member of this body reflects an occasion of real import. In making this assessment I refer to the final determination, in 1929, of the Judicial Committee of the Privy Council of, specifically, the case of *Henrietta Muir Edwards and others v. the Attorney-General for Canada*. This decision of the Privy Council, on appeal from the Supreme Court of Canada, is popularly known as the "persons" case, and represents a landmark decision in which Lord Sankey concluded, in his majority judgment, that women were indeed persons within the meaning of the British North America Act. As a result, women became eligible for appointment to this body, the Senate of Canada.

In its era this was a most remarkable step forward for the women of the nation. Accordingly, in a representative rather than in an individual fashion, my appointment is noteworthy inasmuch as it comes during this fiftieth anniversary year of the 1929 "persons" decision, which we are currently celebrating, the precise date of which falls on October 18.

[Senator Bielish.]

The "persons" decision, in addition to providing a notable breakthrough for Canadian women as they strove towards equality in the most general sense, also serves as an excellent historic reference point. In an attempt to assess the degree of progress achieved, we can compare the era prior to the rendering of the "persons" decision with the era following it, which has continued to the present day. It hardly need be said that at the time of the passage of the British North America Act, in 1867, the rights and privileges independently retained by women were far fewer than those held by their male counterparts. It was the traditional position of the common law that women could not hold public office, and it was this circumstance which caused interpretative concerns for the Supreme Court of Canada when it considered the *Edwards* case some 61 years later.

The precise point in question concerned section 24 of the British North America Act, which provided that:

The Governor General shall from Time to Time, in the Queen's Name, by Instrument under the Great Seal of Canada, summon qualified Persons to the Senate;

The Supreme Court of Canada concluded that the legislative intent of this section could not have been to include women within the group of qualified persons, since at that time we did not permit any but those of the male population to hold public office. Fortunately, the five Alberta petitioners who had sponsored this constitutional reference, spearheaded by Emily Murphy in association with Henrietta Muir Edwards, Nellie McClung, Louise C. McKinney, and Irene Parlby, chose to pursue the matter to the ultimate court of appeal, the Judicial Committee of the Privy Council. It was this latter body which decided that women were in fact contemplated as being within that group of potentially qualified persons, and thus helped to usher in a new era with regard to the social and political advancement of Canadian women.

Lord Sankey, in his inspired judgment, reflected that:

The exclusion of women from all public offices is a relic of days more barbarous than ours,

Lord Sankey chose not to be bound by earlier customs no longer relevant, and, instead, adopted the "living tree" approach to the interpretation. We would undoubtedly all agree that his approach was a very suitable technique.

I have referred to the decision in such depth only partially so as to associate my own appointment with the fiftieth anniversary of this determination. In a very much broader and more important sense the "persons" case and the circumstances in which it arose, are of real assistance as we focus upon the tremendous strides made by the women of this country in subsequent decades.

● (1640)

While it is vitally important to look ahead and contemplate further necessary advances, I consider it equally important that Canadian women have a sense of where they were and that they be able to document the significant advances which have been made. With particular reference to the "persons" case, it opened a door, both literally and figuratively, for the

assumption of a notable role by women as senators over the past half century.

I should like to pay tribute to those women. However, I would prefer to do so in a collective rather than in an individual fashion for fear of failing to do justice to the wide and varying individual accomplishments. I wish to say that an extremely high standard has been established. I am very much honoured to follow the path which they have blazed. I aspire to the quality of public service which they have offered throughout the years.

I would make one exception to this collective tribute and specifically acknowledge, as have others here today, the manner in which the outgoing Speaker, Senator Lapointe, performed her duties. The role of Speaker in a chamber such as this is a demanding one, and she is to be commended in this regard.

Honourable senators, one element of His Excellency's Speech from the Throne to which I would like to speak briefly is the theme which proposes a desire to encourage individual Canadians to build a stake in our country. This is a theme with which I can most readily identify and consider to be in the forefront of pressing matters which confront our nation.

Perhaps I might best address this matter in relation to my personal background from three perspectives: I am a woman; I am an Albertan; and I am a resident of a rural community.

Firstly, to consider this rural perspective, I am in some respects representative of Canadians who do not reside in urban centres. My home community is Warspite, Alberta. Perhaps the most graphic description which has been used to emphasize the rural characteristic of Warspite would be the recent headline in the *Ottawa Journal* announcing my appointment. It stated, "Senator Bielish . . . called in from the field". They did not know how true that was. Although I am not as active in this area as I previously was, my husband, Joseph, is a farmer, and I am from that school which combines partner in marriage and partner in family enterprise. As an active participant in such an all-encompassing partnership, I have always had a fulfilling lifestyle and have perceived that I have a very real stake in our family satisfaction and family prosperity. Accordingly, it is a rather natural response that one gains a perspective of having a stake in the country. I am of the belief that all Canadians must be encouraged to develop a feeling of pride and involvement, regardless of background.

Secondly, I am a woman and have developed a keen interest in the wide range of women's issues. Through my participation in the Federated Women's Institutes of Canada, the Associated Country Women of the World, and others, I have become sensitive to the very considerable ability and insight which women have to offer in every realm of public and private activity. I think it is incumbent upon this country to be a leader in encouraging women—as this country has been a leader in many other fields—to seek the very utmost of their potential and to ensure that once this potential has been realized it be suitably utilized. I am confident that Canadian women are currently making tremendous progress toward the

realization of this aim and that they will certainly be assisted as they do so.

Thirdly, I am an Albertan, and this provides me with a particular perspective on the evolution of federal-provincial relations. In recent years my native province has prospered rather considerably, primarily as a result of its wealth in natural resources. I am delighted that an expanded financial base has allowed the province of Alberta to provide further security of opportunity to its people. However, we in Alberta also have a much broader stake in this country. We recognize that Albertan prosperity must in some fashion be translated into Canadian prosperity. Alberta's increased prosperity is not a negative component of the Canadian experience; rather it must be viewed as a great Canadian asset. Albertans view this moment in time as an unprecedented opportunity. It is an opportunity for Alberta to work constructively with the other provinces for the common advantage.

We in the Senate and House of Commons would be remiss in our duty if we did not recognize this great potential and respond, to the best of our ability, so as to achieve great results.

Honourable senators, in the pursuit of our goals, I believe that ultimately we must utilize our individual characteristics and backgrounds. However, we must rise above mere personal circumstances and identify with the common Canadian experience. We must create an environment in which every Canadian feels a need to contribute and has an opportunity to do so. May I assure you that I approach this task with no illusions as to its difficulty, yet I am confident that the importance of Canada's future will be sufficient incentive for us all.

[Translation]

**Senator Charbonneau:** Honourable senators, I am all the more thankful to take the floor to support the motion to adopt the Address in reply to the Speech from the Throne that it is my first opportunity to address this famous house, the highest and most venerable in the country.

The role of the Senate in the political life of our country will increase during this session because of the additional responsibilities some of us have agreed to take by joining the cabinet. I take the opportunity to congratulate them and to express to them my gratitude for having courageously accepted to serve the Canadian people while it implied a great personal sacrifice for them. You will also probably understand that it is a significant testimony towards this house.

I think that we are in the presence of a tangible mark of trust because the abolition of the Upper House was still proposed recently in some circles. Given the new close relationship between both Houses, it is up to us to continue to demonstrate the positive contribution we can make to Canadian politics. That contribution will be all the more important now that the Senate will be presided over by Senator Allister Grosart, who has been a friend of mine for 25 years, and who has been able to heighten the debates in this house for more than 16 years. I want to congratulate him and to offer him my complete and very sincere support.



I dare hope that my personal contribution will be of value. The many years I spent serving the public and the private sector as a professional, as an insurance broker, will perhaps help set the nature of my participation in the affairs of the state. Further, I think I am the first man in our profession to serve in the Senate. I think therefore that I shall be able to see and to analyse things in a new light, which will perhaps be useful.

The profession I practice is not only that of a great number of other Canadians, but is also one which relates to almost all the working population. In my province, it is related to a professional and commercial activity which plays an important role in the economic picture of Quebec in addition to being a major francophone presence in the financial community.

In this respect, I have been particularly impressed by the new vision the Speech from the Throne is giving us with respect to private enterprise. I take for example the common denominator for the different economic positions. The government is clearly showing a favourable opinion of private enterprise. We cannot help, in my opinion, but welcome such an attitude. For more than a decade the government, in general, has systematically and openly opted for other directions. It is now high time to concentrate our efforts on the spirit of initiative and liberty of action. The trends of the past have been reflected by an invading governmental presence in the business of individuals and corporations. Their rights and privileges to settle their own future are quite eroded today. It seems to me that the Speech from the Throne is bringing us back in a healthier direction for our collective future, most of all because of the insight shown by the legislators' intentions, for there is clearly a will to encourage increasingly the individual spirit of initiative. It is also clear that its action will not fall into excessiveness. For we would stand to lose much by focusing indiscriminately on anything we did in the past.

Everywhere in the legislative menu of this session we can denote a sense of balance; for that, too, we ought to rejoice. This balance, coupled with firmness, can also be noted in the government's attitude toward more important questions that will have to be debated shortly, such as national unity. The Speech from the Throne tells us that from now on, confrontation will be replaced by consultation in the relations between federal and provincial governments. This is a turning point in the constitutional debate because the fact that Quebec, which I represent here today, is under a political regime dedicated to

separation may be due in part to some positions adopted by the previous federal government which were stirring up dissension. Out-and-out centralization could only end up in frustrations which are felt not only in Quebec but in all other provinces as well. We must suppress from our relations with the provinces all sense of aggressiveness.

● (1650)

[English]

As a professional involved in business I have learned that a partnership will succeed only when there is mutual respect. In just a decade we have witnessed its erosion through certain attitudes and decisions. This Speech from the Throne gives clear indication that we are heading in a new direction, and I am personally relieved to see that the last look Quebecers will have at the functioning of our system before the referendum will be one of a team working to solve our own economic problems in a positive manner. Economic and financial well-being will go a long way in uniting this country. This seems to be the direction the government intends to take, and I heartily agree.

[Translation]

I do not think that the cause of Canadian unity is helped by certain attitudes, that are often arrogant, of some federal representatives. Allow me to say that the spirit of the Speech from the Throne reveals a flexible federal government, willing to prove that the central government, within the context of the Canadian confederation, will succeed in improving the economic well-being of all Canadians. As a representative from Quebec, more precisely from Kennebec, one of the most picturesque spots in our country, I am proud and pleased to start in public life as a promoter of that new perception of the role of our two houses.

In conclusion, I should like to stress once again that it is by making fully available to this house my means and efforts that I hope to be in a position to make a worthy contribution. Therefore, honourable senators, I am pleased to support the motion for an Address in reply to the Speech from the Throne because, in addition to numerous other strong points, which I have no time to refer to, it is the start of a new era for Canada for the promotion of private enterprise and gives a new orientation to the national unity issue.

[English]

On motion of Senator Perrault, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.



## THE SENATE

Thursday, October 11, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### HOUSE OF COMMONS

#### ACCOMMODATION IN SENATE GALLERY

**The Hon. the Speaker:** Honourable senators, yesterday Senator Peter Bosa directed the following question to the Leader of the Government:

I am wondering whether he, or any other representative of this chamber, regardless of party affiliation, was consulted before 10 seats were taken by the Prime Minister in the gallery in the other place which has traditionally been reserved for senators and their guests.

To which Senator Flynn replied:

I must say, honourable senators, I was not consulted. It was probably done in consultation with the Speaker of the other place. If the honourable senator wishes me to enquire, I shall try to bring in a report eventually.

Because the matter may concern the privileges of the Senate, the Leader of the Government asked me, as your Speaker, to discuss the matter with Mr. Speaker Jerome of the other place.

I am glad to be able to report that Mr. Speaker regrets any wrong impression that may have been created and has asked me to assure honourable senators that there is no intention to generally remove or curtail the traditional courtesy of special seating arrangements for senators wishing to be present at a sitting of that honourable house.

I need hardly remind honourable senators that this is a courtesy arrangement, and not one of special Senate privilege. It is, I would think, in much the same category as the courtesies we extend to visitors in our own galleries.

The particular occasion that may have prompted Senator Bosa's question arose from a request of the Prime Minister for temporary accommodation for his staff and guests at the opening ceremonies.

The reference will be found at page 24 of *Debates of the Senate* for Wednesday, October 10, 1979.

**Senator Choquette:** Honourable senators, I am glad the question of the Senate gallery in the other place has been raised. My wife tried to sit there yesterday, but it was taken over by the press. If there is a Senate gallery that has always existed, I do not see that it is a privilege for senators to make use of it.

**Senator Perrault:** Are we to presume, therefore, honourable senators, that the previous arrangements will prevail, and that the same number of Senate guest seats will be available; in

other words, that the Senate gallery arrangements of Tuesday last were only temporary?

**The Hon. the Speaker:** I do not want to be put in the position of interpreting anything that has been said to me by Mr. Speaker Jerome. Perhaps I might repeat what I have already reported, assuring honourable senators at the same time that the text I read has the approval of Mr. Speaker Jerome.

I said:

I am glad to be able to report that Mr. Speaker regrets any wrong impression that may have been created and has asked me to assure honourable senators that there is no intention to generally remove or curtail the traditional courtesy of special seating arrangements for senators wishing to be present—

He explained what happened on that particular occasion.

In answer to Senator Choquette's question, it is my understanding that actually there is no such thing as a Senate gallery as of right. It is a courtesy that is extended to us. It is my understanding that there is a gallery which senators are traditionally permitted, and indeed, invited, to use on any occasion when the House is sitting.

The situation here is exactly the same, if I may further the analogy. We have in the Senate a press gallery, we have what is known as the Prime Minister's gallery, and we have what is known as the gallery or box of the Speaker of the House of Commons. These are merely courtesies. Nobody has the right or privilege to have these facilities, other than by courtesy, convention and tradition. That is my understanding, and I trust that that explanation is acceptable to honourable senators.

**Senator Perrault:** I am sure we all appreciate the diligent efforts which have been made by His Honour the Speaker to ascertain the facts of the matter. However, it should be pointed out, perhaps, that the designation "Senate Gallery" does appear on the door to the entrance to this particular area, and I think senators have certainly been under the impression over a number of years that a certain specified number of seats are available for them and their guests.

**Senator Smith (Colchester):** Honourable senators, I too must express my appreciation of the efforts of His Honour the Speaker and the result thereof, but I cannot help but notice the very careful wording of the statement of the Speaker of the other place in which he uses the words "will generally be available". The phrase "generally will be available" is not of very much significance because it means that on special occasions, which are the times when most people, including senators, want to use the gallery, there is no assurance whatsoever

that the courtesy will be continued. Indeed, the insertion of the word "generally" leads me to believe that it is expected that on special occasions the courtesy will be withdrawn.

**The Hon. the Speaker:** I am sure honourable senators do not wish me to engage in what might appear to be a debate. At this point, I think it would perhaps be sufficient and appropriate for me to assure Honourable Senator Smith (Colchester) that those words were mine. The words "generally removed or curtailed" were my paraphrase; they were not Mr. Speaker Jerome's words.

**Senator Smith (Colchester):** I certainly appreciate that, and the furthest thing from my mind is to engage in an argument or debate with His Honour on this point. I was really urging His Honour to continue with the inquiries which he has so kindly and effectively made so far to ascertain whether, indeed, it is intended to withdraw this courtesy on special occasions, and whether, indeed, it is only when nothing much is happening that the courtesy is to be extended.

**The Hon. the Speaker:** Honourable senators, is it the wish of this chamber that I should follow the suggestion made?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** I might add that Mr. Speaker Jerome actually suggested that this might follow the statement I have made.

**Senator Bosa:** Mr. Speaker, I wish to add one further aspect to what may appear to have been a temporary matter. There is a plaque on the door of what was formerly the Senate Gallery which reads "Prime Minister's Gallery". I do not know if that is temporary, but it certainly gives one a different impression. I would beg His Honour the Speaker to include this matter in his discussion with the Speaker of the other house.

## DOCUMENTS TABLED

**Senator Flynn** tabled:

Report of the Atomic Energy Control Board of Canada for the fiscal year ended March 31, 1979, pursuant to section 20(1) of the Atomic Energy Control Act, Chapter A-19, R.S.C., 1970.

Report of the Privacy Commissioner under the Canadian Human Rights Act, for the year ended December 31, 1978, pursuant to section 60 of the said Act, Chapter 33, Statutes of Canada, 1976-77.

Report of the Tax Review Board for the year ended December 31, 1978, pursuant to section 17 of the Tax Review Board Act, Chapter 11, Statutes of Canada, 1970-71-72.

Capital Budget of the Northern Transportation Company Limited for the year ending December 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copies of Order in Council P.C. 1979-1253, dated April 11, 1979, approving same.

[Senator Smith (Colchester).]

Capital Budget of VIA Rail Canada Inc., for the year ending December 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-1333, dated April 25, 1979, approving same.

Capital Budget of the National Harbours Board for the year ending December 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-785, dated March 15, 1979, approving same.

Capital Budget of The St. Lawrence Seaway Authority for the fiscal year ending March 31, 1980, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-784, dated March 15, 1979, approving same.

Capital Budget of The Jacques Cartier and Champlain Bridges Incorporated for the fiscal year ending March 31, 1980, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-783, dated March 15, 1979, approving same.

Capital Budgets of the Atlantic Pilotage Authority, the Great Lakes Pilotage Authority, Ltd., the Laurentian Pilotage Authority and the Pacific Pilotage Authority for the year ending December 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copies of Order in Council P.C. 1979-1103, dated March 29, 1979, and Orders in Council P.C. 1979-1059, P.C. 1979-1060 and P.C. 1979-1061, dated March 28, 1979, approving same.

## NATIONAL UNITY

### UNITED CANADA MONTH IN BRITISH COLUMBIA

**Senator Austin:** Honourable senators, with leave of the Senate, may I ask that a Proclamation of the Province of British Columbia be appended to the *Debates of the Senate* of today?

**The Hon. the Speaker:** Is leave granted?

**Hon. Senators:** Agreed.

**Senator Austin:** Very briefly, this Proclamation of the Province of British Columbia proclaims a United Canada Month which gives all British Columbians an opportunity to reflect on the benefits of nationhood and to commit themselves afresh to the cause of Canadian unity. It also provides an opportunity for the Government of British Columbia, on behalf of all British Columbians, to express, in a simple way, the desire of British Columbians to live with the people of Quebec within a united Canada.



(For text of Proclamation, see Appendix "A", p. 57.)

● (1410)

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Senator Roblin:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, October 16, 1979, at 8 o'clock in the evening.

Motion agreed to.

## QUESTION PERIOD

### BANK OF CANADA

#### ALLEGED INSTRUCTIONS TO GOVERNOR

**Senator Perrault:** Honourable senators, I should like to direct a question to the minister described on page 19 of Senate *Hansard* of yesterday as the "minister with the responsibility of directing economic development generally." It has been reported this morning by the broadcast media that Mr. Gerald Bouey, Governor of the Bank of Canada, has stated that he will resign from his office if ordered by the government to reduce the Bank of Canada interest rate. Will the minister now advise whether the government has issued instructions that the Governor of the Bank of Canada shall reduce the bank rate?

● (1415)

**Senator de Cotret:** Honourable senators, I should like to make one point of clarification. In terms of the current title assigned to my responsibilities in the cabinet, I am Minister of State for Economic Development. I am not the minister responsible for the general economic development of this country, although I certainly hope to make the maximum contribution I can.

**Senator Olson:** What does the term mean?

**Senator de Cotret:** To answer your specific question, I think that Governor Bouey has repeated a position that he has taken on a number of occasions, and I would only reiterate that there is certainly no intention on the part of our government to ask the governor to reduce or roll back the increase in interest rates that he announced yesterday.

Honourable senators, I take this opportunity to answer several questions asked yesterday by senators opposite.

**Senator Perrault:** May I pursue the subject before the honourable minister gets into other areas, which we shall certainly welcome shortly.

I must say that I think we all appreciate the clarifying statement made by the minister that he is not in fact directing the economic development of the country—a statement made yesterday by his leader.

**Senator Flynn:** I disagree.

**Senator Perrault:** However, I think the opposition felt that as there had been no correction in the official record of the Senate, perhaps it was an accurate appellation.

Mr. Minister, has the government received such an ultimatum from Mr. Bouey either verbally or written? Has any communication been received from Mr. Bouey? The minister has stated there will be no direction issued to Mr. Bouey that those interest rates should be rolled back. In turn, however, has Mr. Bouey provided the government with any of his views with respect to the matter?

**Senator de Cotret:** Certainly not to my knowledge.

**Senator Steuart:** Perhaps I may follow this up, and direct a question to the Leader of the Government, Senator Flynn. In view of the statement made this morning on the television program "Canada AM" by Alvin Hamilton, a member of Parliament and a minister in the last Diefenbaker government—

**Senator Asselin:** That's a long time ago.

**Senator Buckwold:** We can hardly remember.

**Senator Steuart:** Alvin is from a long time back but he is still very active—to your embarrassment, I am sure. He made the statement that the action of Governor Bouey in raising the interest rate was not Conservative policy.

Would the leader, on behalf of the government, either endorse this statement by Mr. Hamilton or disassociate himself from it?

**Senator Flynn:** Mr. Hamilton speaks for himself.

**Senator Steuart:** Since Mr. Hamilton—and possibly Senator Flynn too—was one of the architects of the Coyne affair of a few years ago, would Senator Flynn comment on the suggestion that this is the beginning of another Coyne affair, to try once more to remove a Governor of the Bank of Canada from office?

**Senator Flynn:** I am not sure. It would seem to be the wish of the other side. It could be. But it is not the wish of the government.

**Senator Steuart:** You had better straighten Mr. Hamilton out.

**Senator Buckwold:** That is the other side of the coin.

**Senator de Cotret:** I am sure the author will want attribution for that.

## THE ECONOMY

### INCREASE IN BANK RATE

**Senator de Cotret:** Honourable senators, if I may, I should like to respond to some of the questions raised on this topic and other topics yesterday for which I had agreed to consult my colleagues and report back today.

First, with reference to Senator Perrault's question concerning "personal doubts," which the Minister of Finance might



have been interpreted as having expressed yesterday morning in a media interview, the Minister of Finance assured me, and has asked me to convey to you, that he has not expressed any such doubts on the policies being pursued at the moment.

● (1420)

Again with reference to Senator Perrault's questions concerning meetings with the Governor of the Bank of Canada, the Minister of Finance assured me that, as always, he has been in consultation with the Governor of the Bank of Canada and that that is a practice he intends to follow.

#### POSSIBLE WINDFALL PROFITS TO CHARTERED BANKS

**Senator de Cotret:** Honourable senators, with reference to Senator Olson's question concerning the potential for windfall profits in the banking system that might conceivably arise from a higher interest rate structure, the Minister of Finance assured me that, upon reviewing the situation, there is no indication that such profits are now occurring but that he will continue to monitor the situation.

#### STRENGTH OF CANADIAN DOLLAR

**Senator de Cotret:** Finally, with reference to Senator Buckwold's question on interest rates—the question being whether or not this might not be the appropriate time to completely disregard developments in international capital markets and let the dollar find its own level and pursue a domestic monetary policy geared to the domestic policy considerations alone—it is the belief of the Minister of Finance that this is not the time to pursue such a policy.

#### ENERGY

##### MEASURES TO ENCOURAGE REDUCTION IN CONSUMPTION

**Senator de Cotret:** Senator Austin raised a question dealing with potential amendments to the Petroleum Administration Act and asked specifically whether there were any intentions on the part of the government to introduce amendments to this act that would reduce in any way the powers the federal government retains under the act to set the price of oil and natural gas. The response from the minister is that he is not intending to change the powers of the federal government to set the price of oil or natural gas.

There were further questions posed by Senator Austin concerning the new energy policy and strategy, specifically related to the conservation efforts that we are pursuing. While the full details of our energy policy will be announced shortly, I might mention several of the activities that are now under way to encourage conservation and some of the goals we are pursuing.

In terms of the activities, there is currently in progress a public information campaign to promote energy conservation at home, at an estimated cost of \$600,000. Also, we have had designated an International Energy Conservation month, with the Governor General as the patron, and an International Industrial Conference on Energy Conservation was held October 1 to 3 last. There is also a program to promote energy

savings, that being a home energy audit program being held in co-operation with over 200 companies, the provinces and the various provincial utilities. In addition, the National Film Board is in the process of producing a series of industrial conservation films, which will star David Suzuki.

In co-operation with the Canadian Automobile Association, the Quebec Motor League and the Ontario Motor League, we have developed a number of promotional projects which will demonstrate the potential for conservation of fuel in the automobile consumption area. We are currently expanding the national Energy Bus Program to include a new generation of mini-buses, which will act to conserve energy.

There are mobile energy conservation information bands in Saskatchewan and Ontario, and those programs are expected to be expanded. Finally, there will be a public information program in the spring to further promote automobile gas savings which, as you well know, is a major source of energy consumption in this country. The cost of that program is estimated to be \$400,000.

In terms of the targets for conservation, our overall target, as I discussed briefly yesterday and as I reiterate, is to gain self-sufficiency, as I defined "self-sufficiency" yesterday, by 1990. More specifically, we are committed to reduce oil imports to 600,000 barrels a day by 1985, down 50,000 a day from the previous target. The 1979 target is to reduce net oil imports by 100,000 barrels a day.

#### THE ECONOMY

##### INCREASE IN BANK RATE—POSSIBLE WINDFALL PROFITS TO CHARTERED BANKS

**Senator Olson:** I have a supplementary question of the Minister of Industry, Trade and Commerce respecting the reply he got from the Minister of Finance to my question regarding windfall profits. If there is no reason for the Minister of Finance to believe that increasing the interest rate does, in fact, increase bank profits, could he then explain why bank profits increased anywhere from 35 to 58 per cent in the last part of 1978 vis-à-vis the year earlier? This was through a period when interest rates were escalating very rapidly, and I simply do not understand how it is the Minister of Finance cannot find any relationship between the two facts.

**Senator de Cotret:** As I say, the Minister of Finance has told me that he sees no indication at this time to lead him to the conclusion that the latest increases in interest rates—and I am talking about the increases over the last several months—have led to any windfall profits. He is monitoring the situation closely. I see no reason why there would be an automatic link between the two.

**Senator Olson:** A further supplementary. If a 38 to 58 per cent increase in profits in one year does not constitute a windfall profit, then I should like to have the minister's definition of a windfall profit.

Also, if the Minister of Finance cannot find any evidence, would the minister like me to send him some research that I have done on the effect of interest rate increases?

**Senator Flynn:** When did you do that?

## CROWN CORPORATIONS

### DISPOSAL OF ASSETS

[Translation]

**Senator Marchand:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce and Minister of State for Economic Development. I am sorry that he qualified the responsibilities of his portfolio earlier in his first statement, but I still wish to ask him a question.

Since all Canadians are shareholders in Canadair, we would like to know if we would be told beforehand of the terms of the transfer of Canadair if ever the government decides to sell it so that we may discuss those terms, because not only the matter of price would be involved but also the question of research, technology and development in an industrial sector which is of interest to Canada as a whole.

**Senator de Cotret:** Of course, honourable senators, the terms of any possible transfer of Canadair, as well as that of any other corporation which we may consider returning to the private sector, will be made public. I can say that a committee has now been asked to study the terms of such a transfer. Certain very specific conditions have been laid down.

First of all, these corporations will have to be sold to Canadian interests. They will have to continue to play their strategic role in their own industry.

In this particular case, and as Minister of Industry, Trade and Commerce, I can say that two such corporations are now being studied: Canadair and de Havilland.

As you are well aware, honourable senators, when the Canadian government decided to get directly involved in the management of these corporations, they were both in financial difficulty. The then government decided for the good of the Canadian industry to step in in order to put these industries back on their feet. These were key industries. They are still extremely important in the industrial development of this sector. Therefore, the final decision as to whether to privatize one or both of these companies must be made only after a complete review of our strategy in the field of aeronautics. This review should be completed by the end of November.

Until now, the decision has only been made in principle. We are considering the terms of a sale. We are also studying the strategy that we want to apply to this industry so as to ensure that these companies, whether they are sold to the private sector or remain under public control, will be able to continue to meet our objectives for this industry.

**Senator Marchand:** I have a supplementary, honourable senators. You say that these terms will be made known. I well expected that we should learn of them eventually. However, I would like to know whether these terms will be known before the sales agreement is formally reached or only after the documents will have been signed.

I do not want to delay the proceedings unduly, but I have another question? Will Canadians be given first choice to purchase these two companies or could American interests possibly take them over?

**Senator de Cotret:** Honourable senators, I would like to repeat, so that there will be no misunderstanding, that there is no question of selling these companies to foreign interests. They will be sold to Canadians.

This statement was made by my colleague, the President of the Treasury Board, and was repeated during our news conference when the decision was announced in principle. There must be absolutely no doubt and no misunderstanding on this point: The companies which will be privatized will be turned over to the Canadian private sector. They will be placed in Canadian hands.

As for the terms of a possible sale, they will of course be known before the sales. However, there will certainly not be any public auction. It is in the interest of all those who may be interested in acquiring shares in this industry or in other industries which would be more viable in the private sector to know the terms on which the transfer will be made.

Therefore, in answer to your question, I can say that these terms will be known well before any agreement is reached.

**Senator Marchand:** Allow me a last question, honourable senators.

Is getting rid of profitable companies and acting only when companies are in financial difficulty a policy of the government or a principle it considers valid?

**Senator de Cotret:** No, not at all. I think you will agree that the government has a role to play in the industrial development of the country, which can sometimes bring it to take an active part in a purely commercial undertaking.

However, when we try to analyze the role of the government, we really have to ask ourselves whether our future role will allow us to keep an interest in a company the main product of which is at the moment almost exclusively jets intended for a very restricted market. At the present time, the company is truly a business concern. The government has played its role. It has put that company back on its feet during the last few years. The firm is now profitable again. Now, as far as public policy is concerned, the government has no longer a role to play that it could justify. In that case, I think the only logical thing to do is to privatize companies like Canadair.

● (1430)

[English]

### ELDORADO CORPORATION

**Senator Argue:** Honourable senators, I have a supplementary question. I refer to the statement made, as I understand



it, by the President of the Treasury Board, that the Eldorado Corporation would not be sold, or that the Saskatchewan interest in the Eldorado Corporation would not be considered, because the government did not want to denationalize an industry in order to provincialize it. So my question to the minister is this: If the Saskatchewan government should show such an interest in this corporation as to make the highest bid, does he not feel that this would be a good thing to accept, and that it would be good to have a corporation like this in the hands of a province rather than in the hands of so-called free enterprise in this very important field?

**Senator de Cotret:** I would really like to have the opportunity to refer back to the specific comments of my colleague, the President of the Treasury Board, on this specific case.

As a general question of principle, I see no necessary guideline there that we would follow in the divestiture of some of the crown corporations. Certainly, some of the provinces have different political philosophies from those espoused by the present government. I am sure that they are quite free and capable of pursuing their own affairs.

**Senator Argue:** My question is: Would a bid by the Saskatchewan government for Eldorado be considered, or is it out of the question because it is a provincial government?

**Senator Flynn:** Do you want it?

**Senator de Cotret:** To the best of my knowledge—and I stand to be corrected—it would, of course, be considered. I do not think there has been any kind of exclusion made in the contemplated sale of any of these crown corporations. I do not think there has been anything stated by the government that would preclude a bid by any of the provincial governments.

## THE ECONOMY

### EXCHANGE VALUE OF CANADIAN DOLLAR

**Senator Everett:** Honourable senators, yesterday I asked the Minister of Industry, Trade and Commerce two questions. One was on the definition of his duties as Minister of State. I can appreciate that that might take a little time to answer. The other, however, was more immediate. It referred to the statement by the Governor of the Bank of Canada wherein he said it was also important to avoid the inflationary impact of any further appreciable reduction in the exchange value of the Canadian dollar in terms of the currencies of our principal trading partners, and I asked whether it was government and Bank of Canada policy to put a floor under, or whether this indicated that there was a floor under, the Canadian dollar.

**Senator de Cotret:** I am sorry, senator. I missed the end of your question because the microphone was turned off.

**Senator Everett:** In light of the Governor's statement in respect of the increase in the interest rate that it was also important to avoid the inflationary impact of any further appreciable reduction in the exchange value of the Canadian dollar in terms of the currencies of our principal trading partners, my question was: Given that the government has

[Senator Argue.]

been consulted on, and agrees with, the policy of the Bank of Canada, does this indicate that there is now a floor under the Canadian dollar?

**Senator de Cotret:** Honourable senators, I took that question under notice yesterday and I hope to be able to give a specific answer to the specific question raised. If I might address just for a moment the question of the inflationary impact of the reduction in the Canadian dollar, I would say it is obviously an item of concern not only to the Governor of the Bank of Canada but also to the government.

As is well known, there becomes a kind of roller coaster effect in devaluations followed by increases in rates of inflation followed by the movement of those price increases throughout the system. It was highlighted, certainly, in the experience of the United Kingdom in the earlier part of the decade. I think it has to be a matter of concern for any government at this point, given the very high inflation rates that already exist.

I will endeavour to have a specific answer to the specific question at the next sitting of the house.

## THE HONOURABLE ROBERT R. DE COTRET, P.C.

### NEWSPAPER REPORT OF STATEMENT BY LEADER OF THE OPPOSITION IN THE HOUSE OF COMMONS

**Senator Everett:** Honourable senators, I should like to refer to an article which appeared in today's issue of the *Ottawa Journal*, part of which reads as follows:

Trudeau argued that de Cotret's presence in a key cabinet position was not only a lingering insult to the voters, but "an insult to the spirit of democracy and an insult to the House of Commons."

The article also states:

Earlier in his hour-long address, Trudeau poked at de Cotret as one of the ministers "hiding down the hall" in the Senate.

I merely want to say, after the minister's performance yesterday and today, which I think was a good performance, that I do not believe he is hiding anywhere.

**Hon. Senators:** Hear, hear.

## THE ECONOMY

### STRENGTH OF CANADIAN DOLLAR

**Senator Buckwold:** Honourable senators, I should like to thank the minister in charge of economic development—have I got it right yet?

**Senator Flynn:** No.

**Senator de Cotret:** Yes.

**Senator Buckwold:** One says yes and one says no.

**Senator Flynn:** I will send you the statutes.



**Senator Buckwold:** Very good. At any rate, I thank him very much for the prompt answer to my question as to whether the time is opportune for allowing the Canadian interest rate to be disassociated from the influence of the American rate and letting the Canadian dollar set its own level. I suggested that we might even be pleasantly surprised if that were done. The answer came back promptly, and I thank him for it, that this is not the time to pursue such a policy.

● (1440)

I wonder whether the economic czar of Canada could explain that a little. Why is this not the time to pursue such a policy? What is the rationale?

**Senator Flynn:** Are you making a speech?

**Senator Buckwold:** I am asking a question. I am asking someone else to make a speech. We require more than just a one-sentence explanation of this very important subject. I am wondering whether we might have some response.

**Senator de Cotret:** Is the honourable senator asking me or the economic czar?

**Senator Buckwold:** I should think we were speaking of the same person.

**Senator de Cotret:** I believe we touched on that briefly yesterday. I would be very happy to go further on that question. In the last two months the American authorities saw fit to increase their bank rate by some 150 basis points, or 1.5 percentage points. Over that same period, we in Canada increased our bank rate by just half, by 75 basis points. Certainly I believe that demonstrated the willingness of the government to be somewhat less tied to American domestic monetary policy, to gauge the reaction in the markets of not following on a one-to-one basis with what the Americans were doing, and to ensure that we used the maximum amount of flexibility at our disposal in setting domestic interest rates. I think that has been largely followed during that period.

While I quite agree with the Minister of Finance that this is not the proper time to forget all considerations of developments in foreign money and capital markets, I think that we have to some extent experimented with the reaction of the exchange rate and that of capital flows to a different differential between Canadian and United States rates, and to the extent possible we will continue to monitor the situation very closely.

#### CENTRAL MORTGAGE AND HOUSING CORPORATION—INTEREST RATES

**Senator Buckwold:** As a supplementary—

**Senator Flynn:** Do you want to make another speech?

**Senator Buckwold:** Is the Leader of the Government enjoying my speeches?

**Senator Flynn:** No.

**Senator Buckwold:** I am sure that we shall have much more discussion on this particular aspect, but I would like to move on to a supplementary with regard to interest rates.

**Senator Asselin:** You need more information?

**Senator Buckwold:** Not at all. I just want to find out whether the government knows what it is doing. One of the most significant and perhaps underestimated effects of the higher interest rates, which have now reached the stage of almost precipitous danger, is the impact on mortgage rates. My question to the minister is: Has there now been a policy devised that will, in fact, allow Canada Mortgage and Housing Corporation to offer interest rates that are substantially lower than that charged by the financial institutions, which, I understand, is now about 13.75 per cent? Is there something being planned by the government that will assist the great number of Canadians who depend on a reasonable interest rate for their housing? Is there a plan that will assist others who will be renegotiating interest rates, because most of them are on fixed terms? Literally hundreds of thousands of Canadians will this year have to move from a lower to a higher rate because of the five-year renewal. What is the policy of the government to assist homeowners, other than by giving them some mortgage interest deductibility, the benefit of which will be wiped out? Is there a policy that will alleviate a burden that runs into literally hundreds of dollars a year for the average Canadian homeowner?

**Senator de Cotret:** There is no question that we are looking at a number of areas in which problems could arise because of the very high rates of interest. To the best of my knowledge, there is no program being actively contemplated through CMHC to offer subsidized rates.

The honourable senator mentioned the mortgage interest deductibility program that we are committed to introduce. I believe he said the benefit would be wiped out by the increase in interest rates. I would like to suggest that that program will compensate to a very large extent, and even well beyond, the current increase in mortgage interest rates. That will certainly bring a great amount of relief to all those Canadians owning homes, and to those who are looking forward to the purchase of their first home.

**Senator Buckwold:** We shall see the effect of that in due course.

#### INCREASE IN BANK RATE

**Senator van Roggen:** I wish to direct a supplementary question to the minister regarding the first part of Senator Buckwold's question. As I heard the minister, he mentioned that during the last couple of months the United States authorities had raised their interest rate by approximately 150 points or 1.5 percentage points; that during the same period we in Canada had gone only half as far, approximately .75 of a percentage point; and that this indicated that we did not follow the American pattern.

I may be confused in this matter, but is the minister saying that it was a decision of the government, and not that of Mr. Bouey and the Bank of Canada, that we should move up by only three-quarters of a point?

**Senator de Cotret:** I stand to be corrected on that, honourable senators. It is a decision of the Bank of Canada, in which the government fully concurs.

**Senator Steuart:** Before or after he did it?

## CANADA SAVINGS BONDS

### INTEREST RATES

**Senator Bird:** Honourable senators, I have a question for the Minister of State for Economic Development. It is a short question and requires a short answer. In the light of the recent rise in interest rates, is the government planning to raise the interest rate on the current issue and on previous issues of savings bonds?

**Senator de Cotret:** I will be happy to take that question as notice. I do not have the answer right now, but I shall endeavour to provide one in the very near future.

## INTERNATIONAL TRADE

### SALE POLICY RESPECTING CANDU REACTORS

[Translation]

**Senator Lamontagne:** Since this government is deeply committed to freedom of information, I ask the Minister of State for Economic Development whether he could table in this house the lengthy 26-page brief, according to newspaper reports, sent by the Government of Argentina to the Canadian Government to explain why they decided not to purchase the Candu reactor.

[English]

**Senator Flynn:** That perhaps is a question that should be put in writing.

**Senator Perrault:** It is a simple request.

**An Hon. Senator:** It requires just a yes or no answer.

[Translation]

**Senator de Cotret:** I see no objection to it. I shall even be pleased to table that brief. I see no reason why it should not be tabled. However, I am not sure whether a brief was presented to the Canadian government or whether a statement was made by the Government of Argentina. But it certainly could not be classified matter, nor could it in any way . . .

**Senator Lamontagne:** The answer is yes.

**Senator de Cotret:** Yes.

**Senator Lamontagne:** I have a supplementary question to put to the Leader of the Government in the Senate who, despite his past attitudes, assumes the duties of government leader as well as of Senate leader.

[Senator van Roggen.]

In view of the present government's great passion for consulting parliamentarians and reviving their role through committees; the speech given at the United Nations by the Secretary of State for External Affairs with its unfavourable allusions to Argentina; the widespread rumors amongst the public and in the newspapers to the effect that the cabinet is strongly divided on the sale of a Candu reactor to Argentina; the much belated intervention of the Minister of State for International Trade which, to my mind, obviously reveals a serious rift within cabinet; and, above all, the serious accusations made on television against the present government, and one minister in particular in this regard, by a top official of Atomic Energy of Canada Ltd., Mr. Campbell, which incident I believe is without precedent in the history of our political system, will the Leader of the Government refer the whole matter at the earliest possible date to the proper Senate committee?

**Senator Flynn:** I thank Senator Lamontagne for his speech!

**Senator Lamontagne:** Remember your questions!

**Senator Flynn:** I remember my questions full well; they were never as long as that one. In any event, I can tell you that I have no objection to that one; that, in fact, the whole nuclear policy of the government will be referred to a committee; if not to a joint committee, to a Senate committee. But it will probably be a joint committee and Senator Lamontagne can then enjoy himself to the full.

● (1450)

[English]

**Senator Haidasz:** Honourable senators, I would first of all like to thank Senator Olson for denying responsibility for the two questions I put yesterday to the Minister of Industry, Trade and Commerce and the Minister of State for the Canadian International Development Agency about the failure of the sale of a Candu reactor to Argentina.

I now ask the Minister of Industry, Trade and Commerce what his personal views are about the statement made by Ross Campbell, the chief international sales officer of AECL, blaming the Secretary of State for External Affairs for the failure of the sale of the Candu reactor.

A related question is: What has the government done to date to improve the delivery and quality of service of the Candu reactors, including the supply of heavy water?

**Senator de Cotret:** First of all, honourable senators, I would like to say that I am in total and complete disagreement with the statements made by Mr. Campbell. I do not think they were reasonable statements, nor do I think the facts bear out the allegations that were made by Mr. Campbell in terms of the role that is alleged to have been played in this matter by the Secretary of State for External Affairs. I think that was made very clear to us by the Government of Argentina in subsequent conversations. I think these are very unfortunate allegations, and in no way would I concur in any of the statements made. I think they are erroneous, false and misleading. The facts certainly do not bear them out.



As I mentioned yesterday, in terms of the sale of our technology, we certainly do have very good technology. The deal with Argentina was fraught with a number of difficulties. It was a very complex negotiation. I have already mentioned our performance on the Embalse reactor, which was far from being satisfactory in years past. The Government of Argentina was concerned about that performance. I mentioned also that the Government of Argentina was concerned about second sourcing. That is a concern I can well understand, because they do not want to be totally dependent on one foreign government for their source of nuclear supply.

There was also the question of our insistence on the safeguard policy as set forth by the previous government. That was a position that was well known to the Government of Argentina, and when we look at the totality of the factors involved, we can perhaps see why they opted, in the case of this one transaction, for a German-Swiss consortium. There are still three other potential Candu contracts in Argentina, and we will be aggressively pursuing those, as well as other possibilities in other countries.

[Translation]

**Senator Bosa:** A small supplementary.

**Senator Lamontagne:** If you will allow me, I would simply like to ask the minister for a clarification because I did not fully understand his remarks. Did the minister say he agreed with what Mr. Campbell said?

**Senator de Cotret:** On the contrary, I disagree entirely. It is in total disagreement.

[English]

**Senator Bosa:** There seems to be a great deal of difference of view in cabinet as to what caused the failure of the sale of the nuclear reactor to Argentina.

**Senator Flynn:** What do you know about that?

**Senator Bosa:** Well, if the leader would wait for a second, perhaps he might learn what I know.

The Minister of State for International Trade is reported as having said this in the House of Commons yesterday:

—the factor of safeguards was a matter in the decision they reached recently on the Candu reactor sale.

That appears to be in complete contradiction to what Miss MacDonald, the Secretary of State for External Affairs, is reported as having said by the *Globe and Mail* this morning, to the effect that in a conversation with the Argentinean ambassador she was told that nuclear safeguards were not a factor in the loss of the sale.

Which is the official version?

**Senator Flynn:** You have just heard it.

**Senator de Cotret:** Honourable senators, our position on the safeguard issue has been very clear from the beginning. We insisted, as did the previous government in these negotiations, on total safeguards. That position was well known to the Government of Argentina. The fact that the safeguards were changed twice since the initial Embalse contract was signed by

the previous government may have raised doubts in the mind of the Government of Argentina. Certainly that is a question you would have to ask them rather than us.

From our point of view, our position on the safeguard question was well known, and was communicated to the Government of Argentina. I believe the official reports were to the effect that they understood exactly the position we had taken on the matter.

**Senator Bosa:** But this is not what Miss MacDonald is saying.

## THE ECONOMY

### GOVERNMENT INTERVENTION IN CURRENCY EXCHANGE TRANSACTIONS

**Senator Austin:** Honourable senators, I have a question for the Minister of State for Economic Development. As the minister will know, the Canadian dollar fell below 85 cents in terms of the U.S. dollar in the last day and a half. I would ask the minister whether it will be the policy of this government to intervene in currency exchange transactions to regularize and normalize day-to-day trading, which, in the last government, was called a clean float, or whether the government will ask the Bank of Canada not to intervene in any way in day-to-day currency transactions, which was the position the opposition took in the last Parliament.

**Senator de Cotret:** I will be happy to consult my colleague, the Minister of Finance, to respond to the specifics of your question.

I should like to mention, however, that the Canadian dollar, in light trading this morning, was rising, and also that the stock exchange was rising by noon. I do not think we have to worry about the Canadian dollar's falling too rapidly at this point in time.

**Senator Austin:** I just want the minister's assurance that the Canadian dollar will not rise because the Bank of Canada has been instructed to purchase United States dollars.

## ENERGY

### DOMESTIC OIL AND GAS PRICES

**Senator Austin:** Honourable senators, may I address another question to the same minister.

I very much appreciated the answer this afternoon to the effect that there would be no amendments to the Petroleum Administration Act, and I would like to ask the minister to assure this house that in the event that no agreement with the Province of Alberta and the Province of Ontario and the other provinces of Canada is possible with respect to the price of oil, the government will exercise its authority under that act to establish a price level for the one-price Canadian market.

**Senator de Cotret:** First of all, honourable senators, I would just like to re-emphasize the answer that I gave to the question that the honourable senator asked yesterday, in which I



indicated that we were not contemplating any changes in the Petroleum Administration Act that would reduce in any way the powers of the federal government to act in the setting of oil and gas prices. That does not mean that there may not be amendments to other sections of that act, but certainly not in terms of federal powers.

● (1500)

I should like to assure the honourable senator that the federal government will carry out its responsibility with respect to oil and gas prices. There are extensive consultations under way between the Prime Minister, the federal Minister of Finance, the federal Minister of Energy, and their counterparts in the various provinces, and I, as they, remain very hopeful that we can, in the very near future, strike an agreement as to the future course of oil and gas prices in Canada.

**Senator Austin:** I appreciate the minister's answer, but the question is: In the event that no agreement is possible, will the provisions of that legislation be utilized by the government?

**Senator de Cotret:** I believe I answered that part of the question. The federal government will certainly not shirk its responsibility in this field. The question at this time is very hypothetical and I, for one, as well as my colleagues, am very hopeful that we can reach an agreement amongst the various parties through the process of consultation that is now under way.

#### MEASURES TO ENCOURAGE REDUCTION IN CONSUMPTION

**Senator Austin:** I thank the minister for his lengthy answer outlining the conservation program which the government hopes to follow; I found it a most interesting one. However, I thought he avoided my question of yesterday which related to a phrase contained in the Throne Speech, "... encourage a significant reduction in Canada's overall energy consumption...". My question was not really in relation to conservation but was directed to the issue of whether the government intended to reduce Canada's overall energy consumption, and, if so, how the government intended to do that.

**Senator de Cotret:** Specifically on that, if we are talking about reducing consumption, we are surely talking about reducing the per capita consumption, and that, of course, is where you enter into a discussion of measures to be introduced to encourage conservation. I do not see any possibility of reducing the actual level on a general basis of consumption; it is on a per capita basis that you would reduce the rate of growth in our consumption. Of course, that ties directly into a conservation program.

**Senator Austin:** I asked the honourable minister yesterday whether indeed the phrase was intended to say, as it does, "significant reduction in Canada's overall energy consumption," or whether it was intended to say, "a reduction in the rate of growth of Canada's energy consumption." Are you now advising us that we are directed to the rate of growth and not the overall level of consumption as it exists today?

**Senator de Cotret:** Yes, of course, it is the rate of growth.

[Senator de Cotret.]

**Senator Austin:** Do you have a target as to what would be an appropriate rate of growth for Canada's economy in energy consumption terms and, therefore, in GDP terms?

**Senator de Cotret:** I will be happy to provide information on the specific rate of growth which we do, in fact, have.

### CROWN CORPORATIONS

#### FUTURE OF CANADA DEVELOPMENT CORPORATION

**Senator Argue:** Honourable senators, I should like to ask a question of the Minister of State for Economic Development. I should like to say that I appreciate the large amount of information that he has provided to this chamber in the many responses that he has made to questions from this side of the house.

**Some Hon. Senators:** Hear, hear.

**Senator Argue:** My question is based on a report in this morning's *Ottawa Journal* that a report prepared by a Conservative committee has cast a dark cloud over the future of the Canada Development Corporation. The article goes on to say that the gist of the committee's report is that a study should be made as to whether the 68 per cent government interest should be reduced to 10 per cent. I would remind the minister that if this were done it would mean the sale of some \$2 billion worth of assets.

My question is: What is the status of this report; who has produced it; and, bearing in mind the proposed freedom of information legislation, can we be given a copy of it?

**Senator de Cotret:** I must say that I read the very same story this morning. I have not had a chance to inquire as to the current status of the report or who prepared it. The CDC is not a corporation that reports to me directly; it reports, I believe, to the Minister of Finance, but I will be happy to make inquiries on your behalf.

There has been, over time, as I am sure honourable senators are aware, discussions as to a further sale of CDC shares to the Canadian public, as was initially intended. This report allegedly suggests that the government equity participation be reduced to 10 per cent. However, I have not seen the report, and I cannot attest to the accuracy of the news story on it, but I will certainly find out for the honourable senator and report back.

**Senator Argue:** I should like to supplement my question. Does this committee in fact exist; and, if so, who are its members, and what is the status of the committee? Apart altogether from the precise recommendations it may have made—and they are very important—I should like to have some general information as to what this committee is all about. Is it a secret committee? Does it have any representation from any party other than the government party? In my judgment, this is a strange way to proceed, and I should like to have the minister's comments.

**Senator de Cotret:** I would be more than happy to provide information to you about the status of any committees investi-

gating or studying any of the crown corporations that report directly to me. However, I am not aware of its terms of reference or its composition, nor, for that matter, was I aware of the existence of this particular committee on CDC until I read the story you have referred to. I will be happy to get you the information.

## INTERNATIONAL DEVELOPMENT

### PROPOSED PARLIAMENTARY COMMITTEE

**Senator Thompson:** I should like to direct a question to the honourable minister in charge of CIDA. I understand the minister has announced that there will be a parliamentary committee set up to study the work of CIDA. Is it his intention that that should be a joint committee of the Senate and the House of Commons?

**Senator Asselin:** Honourable senators, as I said yesterday, it is the intention of the government to establish a committee of Parliament to review the whole question of foreign aid and foreign policies of this country. I am inclined to suggest that this committee should be a joint committee of the House of Commons and the Senate.

**Some Hon. Senators:** Hear, hear.

## THE SENATE

### COMMENTS BY LEADER OF THE GOVERNMENT DURING QUESTION PERIOD

**Senator Bosa:** Honourable senators, I should like to pose a question to the Leader of the Government in the Senate. When I previously attempted to ask a question of the Minister of Industry, Trade and Commerce, the Leader of the Government turned around and said, "What do you know about it?" I was asking a question which he felt was not within my competence. I am surprised at the attitude of the Leader of the Government in the Senate. I took that remark as belittling my question and probably intimidating me into not asking further questions. Is this going to be his attitude in the future towards new senators in this chamber?

**Senator Flynn:** I think it is rather amusing that Senator Bosa should take the bait so quickly. He said words to the effect, "In view of the fact that there is division within the cabinet . . .", and I said, "What do you know about that?" He replied that he had read it in the press. If he bases his knowledge only on what he reads in the press, I assure him that very often he is going to be mistaken. It is not an insult to ask him if he knows more than what he reads in the press. He can put as many questions as he wants, be they silly or not.

**Senator Bosa:** I had not posed the question yet. I was quoting from the *Debates of the Senate*. Would you not say that is an authoritative paper?

## ENERGY

### OIL PRICING POLICY

**Senator McElman:** Honourable senators, I should like to direct a question to the Minister of State for Economic Development. It relates to a widely reported interview given by the Right Honourable the Prime Minister the weekend before last. I would refer particularly to that journal of truth and free speech in New Brunswick, the *Telegraph-Journal* of October 2. The interview had to do with the oil pricing system as administered by this government. The Prime Minister was being questioned about the increase in the domestic price to approach world level. The quotation reads:

● (1510)

Clark said in a weekend radio interview that higher prices would make industry competitive on world markets.

Perhaps I should read that again. I had to read it several times to believe it.

Clark said in a weekend radio interview that higher prices would make industry competitive on world markets.

My question to the minister is this: Does he subscribe to this strange economic philosophy; and, if so, could he explain to us how it works?

**Senator de Cotret:** Honourable senators, I can with no hesitation whatsoever assert that that is not the position of the Prime Minister, and never has been. I believe there are probably a few words missing in that quotation which would underline the basic tenet of our policy towards energy pricing, which is that there should always remain a margin between Canadian domestic prices and either the United States price or the world price, and that that differential should ensure that Canadian industry remains competitive in world markets. That has been the position of the Prime Minister all along, as well as that of the Minister of Energy, the Minister of Finance and myself.

**Senator McElman:** As a supplementary question I should like to ask whether, in light of the suggestion that this is perhaps not an accurate story, it would be possible for the minister to obtain a transcript of that interview for the benefit of the Senate.

**Senator de Cotret:** To the extent that it is possible to do so I shall be happy to use whatever efforts I can to get a transcript of the interview. I can only repeat that the words the honourable senator just read out do not in any way correspond with the position held by the Prime Minister of this country.

## CROWN CORPORATIONS

### DISPOSAL OF ASSETS

[Translation]

**Senator Leblanc:** Honourable senators, my question is for Senator de Cotret in his capacity as minister.



About the sale of crown corporations, I understand that the government has now decided to proceed with some sales. However, in your previous answers, you pointed out that it was understood there would be no foreign interests involved in those sales. So I would like you to give us your personal assurance as well as the assurance of the government that none of those corporations will be sold in part, any part, or in whole to foreign interests.

Second, I would like the minister to tell us also whether he thinks there is enough capital right now in Canada to buy all those corporations that are to be sold, namely the eight corporations mentioned in the list released by the Treasury Board.

**Senator de Cotret:** Honourable senators, in answer to the first part of the question, I have no hesitation in giving you the assurance of the government that the equity in crown corporations which could be returned to the private sector will be sold to Canadian interests.

As to the second part of your question, when we talk about those eight crown corporations, several of which for that matter are subsidiaries of others included in the list, there is no doubt in my mind that Canadian interests will be able to provide the capital required to purchase the equity shares in those corporations.

**Senator Leblanc:** So I thank the minister for his answer. Of course, it is reassuring to know now that if there are no Canadian buyers, those corporations will continue to be owned by Canadians as is now the case.

## THE ECONOMY

### STRENGTH OF CANADIAN DOLLAR

**Senator Leblanc:** Switching to another topic, concerning the strength of the Canadian dollar, in his replies, for instance when he answers Senator Buckwold and other senators, the minister always says "we".

So I would like to know, for my information and perhaps that of other senators, what he means by "we". Is it the Governor of the Bank of Canada only? Is it the Minister of Finance only? Is it the Minister of Industry, Trade and Commerce only? Is it a group of individuals together or is it the inner cabinet or the whole cabinet that set guidelines, because I read on page 20 of *Hansard*, under the heading "Strength of Canadian Dollar," Senator de Cotret says:

—we did not increase . . . In the last round, when they increased by a full point, we have increased the bank rate in Canada by three-quarters of a point.

Further on, on page 21, in another answer, he said:

We have to monitor—we have a better feel—

So who is "we"?

**Senator de Cotret:** Honourable senators, in the context in which you just reported the remarks I made yesterday, as recorded on pages 20 and 21 of *Hansard*, when I say that we did not increase our bank rate as rapidly as the Americans, I

mean that and only that. It is a collective "we". It is a mere statement of what is happening in Canada as compared to the United States.

As for the value of the Canadian dollar, the rate of exchange dealings of the Bank of Canada are the responsibility of the Minister of Finance. Consequently, it is the Minister of Finance, the cabinet, who have to implement a policy in this field, except that there have been some institutional changes quite recently.

As far as the interest rate is concerned, our monetary policy is the responsibility of the Governor of the Bank of Canada. It is quite clear. He consults regularly with the Minister of Finance, as I said earlier today, but it is his responsibility by law, and it is a statutory responsibility.

[English]

## CROWN CORPORATIONS

### PROPOSED DISPOSAL OF ASSETS OF PETRO-CANADA

**Senator Flynn:** Honourable senators, I have several answers to questions asked yesterday. I do not know if honourable senators have had enough for today, but, in any event, I have a reply for Senator Austin about the task force concerning the possibility of disposing of certain assets of Petro-Canada.

This is a communiqué from the Department of Energy, Mines and Resources as well, which was issued on September 5, 1979. The terms of reference are there. I do not know whether the honourable senator wants it to be printed in *Hansard*, or if it would be sufficient for me to remind Senator Austin that he should watch his mail more closely.

**Senator Perrault:** Would it be possible to have it printed as an appendix to today's *Hansard*?

**Senator Flynn:** I have no objection, but these are things that have always been available.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(For text of communiqué, see Appendix "B", p. 58.)

## THE CABINET

### MINISTERIAL RESPONSIBILITY IN THE SENATE

**Senator Flynn:** Honourable senators, yesterday the Leader of the Opposition asked for a detailed summary of the specific cabinet responsibilities of the members of the government who serve in this chamber. I do not know exactly what he meant. If he meant what are the legal responsibilities, I can say that as far as the Minister of Justice is concerned they are described in sections 4 and 5 of the Department of Justice Act. Again I do not know if, for the information of honourable senators who do not know of the existence of the Revised Statutes of Canada, I should have this inserted in *Hansard* at this point.

**Senator Perrault:** No. In view of the reorganization of departments it was felt that it might be useful to honourable senators, particularly those of the opposition, to know those



agencies reporting to the various ministers and the areas of responsibility of the ministers. I think honourable senators know the information to which the Leader of the Government has just referred.

**Senator Flynn:** I should have thought that the Honourable Leader of the Opposition, after having been on the government side for so long, would be knowledgeable about all these things and would not need to put that kind of question.

**Senator Steuart:** You told us you were changing things.

**Senator Olson:** We want to know what the changes are.

**Senator Flynn:** We do not mind providing information that you did not feel necessary before.

• (1520)

**Senator Perrault:** We asked the question only in the sure and certain knowledge that this new era of enlightened, open government, spoken about so eloquently by the Right Honourable the Prime Minister, actually meant something in the working of Parliament.

**Senator Flynn:** It will certainly spread on the opposition, no doubt.

## YUKON TERRITORY

### GOVERNMENT POLICY ON RESPONSIBLE GOVERNMENT

**Senator Flynn:** Honourable senators, in response to Senator Lucier's question of yesterday, I would like to say that it is the policy of this government to promote greater democracy in the Yukon. It is an issue upon which each party candidate in the Yukon took a stand in the general election. The will of the people for greater self-government is evident by their overwhelming mandate to the present Minister of Public Works.

**Some Hon. Senators:** Oh, oh.

**Senator Flynn:** The election result proves it, anyway. And I mean the result of the territorial election.

The government has maintained regular consultation with the people of the Yukon through the territorial council, and as well with representatives of the Yukon Council of Indians. Such consultations will continue, and Mr. Epp, the minister, intends to convene an early meeting between the Government of Canada, the Government of the Yukon Territory and the Council of Yukon Indians to discuss the resolution of issues prior to any amendment of the Yukon Act.

It must be pointed out to Senator Lucier that the extension of the powers of the Government of the Yukon Territory permits the exercise of democratic government to the limit allowed under the present legislation. Any further extension of the authority of the Yukon government will take place only

after full consultation with the people and, of course, those amendments would come before Parliament for debate.

## INTERNATIONAL DEVELOPMENT

### REDUCTION IN FOREIGN AID

[Translation]

**Senator Rizzuto:** I should like to direct a question to Senator Asselin concerning our assistance to underdeveloped countries. You have advised the Senate that you would consider setting up a joint committee of the Senate and the House of Commons to deal with our foreign aid policy. Are we to understand that you do not share the opinion of the Minister of Finance who stated in Europe that Canada would reduce its assistance to the countries it has always helped?

**Senator Asselin:** The statement made by the Minister of Finance referred, of course, to the multilateral assistance Canada must provide to such international organizations as the World Bank, UNESCO, the International Monetary Fund, etc. As a matter of fact, the Minister of Finance intends to reduce Canada's assistance to international organizations in order to increase its bilateral assistance.

Moreover, the minister, speaking at a meeting of the International Monetary Fund, urged his counterparts to refrain from making any further commitments which would go beyond the scope of the IMF.

**Senator Rizzuto:** A supplementary question. Do you share personally this approach of the Minister of Finance?

**Senator Asselin:** It is, of course, up to the cabinet to decide, when it reviews Canada's foreign affairs and foreign aid policy, how the cutback referred to by the honourable senator will be effected.

**Senator Rizzuto:** Your reply does not reflect your personal opinion. I think you are responsible for this agency.

**Senator Asselin:** As a cabinet member, I know about ministerial solidarity. My replies are subject to the cabinet's decision.

[English]

## SPEECH FROM THE THRONE

### MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Bielish, seconded by Senator Charbonneau, for an Address in reply thereto.

**Senator Perrault:** Honourable senators, I know I speak on behalf of all honourable senators in opposition when I extend to the Leader of the Government in the Senate and his cabinet colleagues in this chamber my very best wishes as they assume

their new and very important responsibilities. We wish them luck. Not too much luck in terms of the time the party which they represent bears the responsibility of government in this land, but enough good fortune, enough wisdom and common sense to help guide this nation successfully through its many challenges during the months to come.

Our new friends in government—old friends, but new in government—have waited a long time for an opportunity to implement their ideas, to put to practical tests some of the concepts they have spoken about with such fervor in this chamber for such a long time. I think they will discover, if they have not discovered already, that at times it is much easier to be an opposition critic than to bear the responsibility of government—bearing in mind the hard logic of economics and the deadly accurate statistics which come before cabinet. The fact is that what can be achieved does not always match up with the best hopes of any of us.

The Leader of the Government here, who has been vested, as well, with the portfolio of Minister of Justice, must feel a special sense of gratification that after many years of loyal service to his party and good service in the Senate he has been called upon by the Prime Minister for senior responsibilities.

**Hon. Senators:** Hear, hear.

**Senator Perrault:** It has been said that good things come to all those who wait. Many of our friends in the Conservative Party have waited for a long time. To be ushered from outer darkness into the brilliant sunshine of governmental responsibility must be a heady experience. We hope that it does not overwhelm them.

We on the opposition side are also pleased that our good friend and colleague Martial Asselin has been given ministerial responsibilities. We know that he will undertake those responsibilities in his usual conscientious and able fashion.

**Hon. Senators:** Hear, hear.

**Senator Perrault:** I want to assure him, on behalf of the Liberals in this chamber, that while we intend to criticize him from time to time, that criticism, of course, will be only valid criticism, in the spirit of our party's usual unflagging zeal and quest for the truth.

**Some Hon. Senators:** Oh, oh.

**Senator Perrault:** The minister responsible for Canada's economic planning, Senator de Cotret, has proven once again that there can be ministerial life after electoral death.

**Some Hon. Senators:** Oh, oh.

**Senator Perrault:** We welcome him here. He will continue to inspire lively interest from our benches. The first two days of questioning indicate that there will be many questions directed towards this important minister.

● (1530)

He, together with the other members of cabinet in this chamber, have a major responsibility to the nation and to Parliament. We in opposition have a responsibility to make certain that all the proposals offered by this new government

are subjected to rigorous but fair scrutiny. I think I can give a commitment on behalf of the majority opposition in this chamber: we want to be fair and we want Parliament to work. We want this country to prosper just as do members on the other side of this chamber.

Those of us in opposition have been asked about the role of the Senate opposition in this new Parliament. With a Conservative plurality in the Commons and the Liberal majority in the Senate, concern has been raised with regard to whether this government can operate and whether there is going to be continued frustration as a result of the efforts made by the opposition in this place. The fact is that Parliament and the government will operate. There is no member of the opposition—indeed, no member of the Senate—who would put his or her partisan interest ahead of the interest of this nation.

On May 22 a mandate to govern was accorded the Progressive Conservative Party. That party earned the right to govern. Paradoxically to some, the Senate of Canada, with a preponderant Liberal majority, will be called upon to approve a legislative program prepared by the new Conservative government. I do not suggest for a moment that the Senate, under these conditions, will be a supine rubber stamp, with opposition senators walking in lock step with the new government. Senators have never done that in the past and will not do it now. I know that I can promise this government and the Canadian people a strong, diligent and positive opposition striving to make Parliament work more effectively and in the Canadian people's best interest. I know I can promise a Senate opposition dedicated to the improvement of legislation and to the introduction here of positive measures, rather than a Senate opposition obsessed with the notion of obstruction and delay for the sake of political advantage. The times are too important and the welfare of this nation so vital that only the best that parliamentarians are able to offer is good enough. Although the opposition can give no total commitment that all measures will be passed easily or will be passed at all, every effort will be made to be scrupulously fair.

In any case, the walls of this place rebound still with the echoes of past speeches delivered by the new Leader of the Government, delivered with gusto and fervor and proclaiming the inalienable rights of the loyal opposition. He has emphasized many times why we need a strong opposition. Well, Mr. Leader, you have that strong opposition. If at times you or your ministerial colleagues and Senate colleagues become impatient with some of our efforts, remember the words of the late great, revered Tory, Sir John A. Macdonald in 1869, when he said that given a government with a weak opposition you could debauch a committee of archangels. We are anticipating no parliamentary debauchery at this point, nor would you wish otherwise.

I know that the new government will expect suggestions for amendment to continue to emanate from the Senate, both from the opposition side and the government ranks. I remind honourable senators that during the last session of Parliament alone, when there was a Liberal government, the Senate proposed over 200 amendments. To my knowledge, most of



them were accepted on the other side. This is not generally known by the public because our method of operation in the Senate is far less partisan than it is in the House of Commons. When we see defects or difficulties with certain bills, we discuss these on a rational basis with the government of the day. I hope we can continue with that process in the future. I know that the process of amendment which occurred with bills advanced by the previous government will continue. Honourable senators will wish to continue their diligent and essentially non-partisan work in committee in order to ensure that these measures which come forward are in the public interest.

The new Prime Minister has an awesome responsibility to lead this nation at a time of world economic dislocation. It won't be easy. I can assure you that it was not easy for the previous leader, nor for the previous cabinet. There are no simplistic answers anywhere in the world, including Canada, but the Canadian people do want this government to be given a chance.

I want to say a word about my own leader, the leader of the Liberal Party. Canadians of all parties admire the manner in which he has assisted the change in government. The election result brought no acrimony from Mr. Trudeau. Indeed, when the result was made known, he was the first to offer his assistance and advice to the new Prime Minister, Joseph Clark. Every resource was offered to achieve a smooth transition of government, and this is the way it should be in a mature parliamentary democracy. Liberals are very proud of their leader, not only for the manner in which he served this nation as Prime Minister for 11 important years—and he could be back again—but also for his great driving concern and passion for national unity and for his efforts to help all Canadians, regardless of racial origin. We feel that he will be an able and distinguished leader in the other place. He has certainly demonstrated opposition talents and potential in the first two days of his activities there.

Honourable senators, before I move to the Speech from the Throne, I wish to acknowledge the fine contributions to the opening of this debate by the mover and seconder of the motion for an Address in reply to the Speech from the Throne. As we all know, our chamber has recently been enhanced by the addition of several new senators representing various political philosophies. I think we are all pleased to have an opportunity to welcome them into our midst. We are looking forward to the contributions that they will make. They offer a wide range of talents and a wealth of experience which will be of value to the Senate, the whole parliamentary process and the country generally. Our chamber is now richer for the presence of Senator Martha Bielish of Alberta. She has been actively involved in public life for many years, beginning in 1944, when she joined the Women's Institute. Since then she has risen to positions of prominence in both the Alberta Women's Institute and the Federated Women's Institutes of Canada, as well as the Associated Country Women of the World. In 1975, International Women's Year, she received the Woman of the Year Award. Before being summoned to the Senate, she was active in a wide range of community work.

● (1540)

With that kind of background, and judging by her remarks yesterday, it is clear that she will serve the Senate and all of Canada very well indeed in this new assignment she is now taking up, and we welcome her.

**Hon. Senators:** Hear, hear.

[Translation]

**Senator Perrault:** I would like to take this opportunity to welcome Senator Charbonneau to the Senate and to congratulate him on his appointment. He has recently been called to the Senate following an active and successful career in his native province of Quebec. His qualifications in the business world, and especially in the financial sector, will be well appreciated in the Senate.

He will add a new dimension to the extensive business expertise we now enjoy in this assembly.

Economic policies will be one of the main concerns of this Parliament, and we shall be interested to hear the ideas and advice of Senator Charbonneau during our discussions.

[English]

Senator Charbonneau has been actively involved in the life of his party in the province of Quebec. I know what a difficult and important task that can be. I know the limited number of Conservatives there have been to this point in the province of Quebec. Coming from the province of British Columbia, which at the present time has a rather beleaguered party of another kind, I know what a challenging task it can be to keep a party alive, healthy and operating under trying circumstances.

He has borne important responsibilities for his party, and he should be congratulated for so doing. However, I hope that both he and Senator Murray, who played such an important role in the recent success of the Progressive Conservative Party at the polls, will now feel that it is time to give up their organizational labours and concentrate exclusively on their work in the Senate. No longer need they dedicate their efforts to signing up new members for the governing party and organizing for it; it is quite healthy enough! It is in the Senate that they should now concentrate their efforts. Surely they have toiled hard enough for the Tory party. We are anxious to have their counsel.

We bid both Senator Bielish and Senator Charbonneau welcome, and congratulate them on their initial contributions to the Senate in the speeches they delivered so well yesterday. In mentioning these two especially, I do not mean to overlook the other honourable senators who have joined us so recently, taking their oaths on Tuesday. They will all serve well.

I know that those who sit across the way will appreciate my sentiments when I take particular satisfaction in noting the appointments earlier this year of at least a few new senators on this side. On Tuesday there was a virtual army of new people being sworn in to take their places on the government side. There did seem to be a rather preponderant number of Senate appointments from the government side. As a Liberal, it is rather difficult for me to understand that. Nevertheless, we welcome them. It is nice to see that a few will sit with the



opposition, just to keep the proper balance in this chamber to which we have all grown so accustomed.

Honourable senators, I have heard many Throne Speeches in my day, as have many others in this chamber. Let me say there is nothing quite as certain or predictable as the standard reaction of most opposition parties and leaders to a Throne Speech. Their reaction is almost "Pavlovian"—words like "incomplete", "disappointing", "dismaying", "appalling", "lacks vision", "a great disappointment" are featured in their remarks. I wonder if anyone here can cite a time when any Leader of the Opposition said that he thought that a Throne Speech possessed merit. I cannot recall any such occasion. The fact is that a Speech from the Throne, in truth, is a general outline of the actions proposed by the government. In no way can it be a measure of the value of any government's programs.

It is unfair to condemn outright any Speech from the Throne, because all Throne Speeches are incomplete and necessarily lack detail, and so it was with the address delivered in this place by His Excellency the Governor General. By any standard, the Speech from the Throne was cautious, tentative, predictable and "garden variety"—like most other Throne Speeches, regardless of the political party in power. Action has been promised in a number of areas, but until we see the measures proposed and the specifics of those measures, it will be unfair to render any kind of final judgment. That kind of judgment will not come from me until the appropriate moment has arrived.

I would like to draw to the attention of the government, however, certain areas which will occupy a good deal of the official opposition's attention during question period and debate. With respect to economic policy, for example, we see inflation continuing to rise; interest rates are at record levels, and our dollar is under serious pressure. We in this chamber must devote attention to these and allied problems. Energy policy is another example. The government has failed to negotiate firm arrangements respecting oil prices. It rushes forward with the senseless destruction of one key instrument of a national energy policy, Petro-Canada.

There will be questions in the field of foreign policy. We will be asking for explanations. Canada has been seriously embarrassed by the bungling with respect to our embassy in Israel and by the Secretary of State for External Affairs, who has suggested that Canadian foreign aid will be dispensed to needy countries based upon the degree of politeness they exhibit towards Canada.

We will be asking questions on the matter of government re-organization and the government's rhetorical but little practised, in the view of some of us, respect for parliamentary institutions. There will be questions on the government's quest for privatization—the turning over of efficient and profitable governmental agencies to the private sector without parliamentary consultation and without regard for the economic and social impacts of that action.

[Senator Perrault.]

The government has talked in terms of its respect for Parliament. In connection with my responsibilities in opposition, I visited Britain a few weeks ago to discuss with representatives of political parties there the operation of Parliament when one party has a plurality in one chamber and the other party a majority in the other—a situation which Great Britain experienced for a number of years. In addition to the valuable research material I was able to obtain there, I noted with some interest that the Conservative government in Great Britain met within two weeks of the election, with a full Speech from the Throne, and weeks ago a program of legislation in the form of bills was advanced to implement the British Tory party's campaign promises—the pledges of the Thatcher government in Britain. In light of that kind of action, why was it necessary to delay the calling of our Parliament until the present time? If the problems confronting this nation were as urgent as we were told they were by the Tories during the course of the election campaign, why has it taken so long for the new Tory government to call Parliament into session? Now that we are meeting, we hear that a great many committees are going to be formed to discuss these "problems" further. It seems to me that here we have a government which is really not prepared to tackle the issues—a government swept into power by a wave of rhetoric, but not prepared to swing into action in the manner other governments appear to have done, such as the new Conservative government in Great Britain. Mrs. Thatcher was elected leader of her party in Britain at approximately the same time as was the leader of the Conservative Party in Canada. Why has it taken so long for Mr. Clark to get to work in Parliament on some of our Canadian problems? So we are going to ask many questions in the area of the operation of Parliament.

● (1550)

On the issue of federal-provincial relations the government's "affirmative" action to date has consisted entirely of stripping away federal authority and diluting the federal presence across Canada. Together with many Canadians of all political parties and of no political party, we are disturbed about this process. Those are some of the concerns felt on this side of the house. They serve to illustrate that we as an opposition have a serious job to do; we will do it constructively, but we will be relentless in our pursuit of answers and information in an effort to call this government to account. Our activities during the question period in the past two days indicate that we have come here to do serious business. Other senators will go into each of the areas I have just mentioned and many others in the course of this debate in the days to come.

One basis on which to assess a government is the degree to which it honours the commitments it makes during its campaign for election. After all, the people who voted for the new government did so on the basis of the number of promises made from coast to coast, on television, in the newspapers and in public forums. Last spring the Conservatives were full of promises. As they worked towards May 22 they were guided by the most recent public opinion polls. Whatever seemed popular they promised in their "lightning-rod" style of politics.

According to independent estimates last spring the total bill for full implementation of the government program ranged between \$6 billion and \$10 billion. The Tory platform was estimated to cost from \$6 billion to \$10 billion. Inevitably, if all their proposals are put into effect, honourable senators, the federal deficit is going to have to grow much larger. There is no way around it. That is something that the Conservatives say they stand against, but they simply cannot have it both ways. They may try, however, proving the truth of a statement made more than 100 years ago by the British statesman Disraeli who defined a Conservative government as "an organized hypocrisy". We are not accusing this government of being "an organized hypocrisy"; that would be an unfair judgment to make. But now it is for this government to prove that there was no hypocrisy at all in its range of campaign promises. There is a list of 45 main promises costing \$10 billion. I have that full list in my hand, and if honourable ministers and honourable members of the Conservative Party on the other side have lost their lists, I shall cheerfully provide them with copies of the one I have before me. I should be delighted to do so. But wait until I finish my speech.

I do not think there is any intention on the part of our government colleagues in the Senate to be hypocritical, but they do have a serious responsibility to prove that they intend conscientiously to implement the platform which elected them to office on May 22.

In addition to the deficit question, there is what some of us feel to be the ill-conceived plan for the economy as outlined during the election campaign which is likely to produce higher inflation, greater unemployment and a weaker dollar. And the danger signs are already in our midst. That assessment was offered not merely by politicians engaged in that campaign against the government party, but by the prestigious Centre for Policy Analysis at the University of Toronto. Even the Conservatives, own internal economic assessment released in July predicts a higher jobless rate and slow growth. These aspects of the Conservative campaign promises are worrisome, to say the least, but Canadians may not have to be too troubled about their impact, again proving, or at least partially supporting, Disraeli's point.

The new Finance Minister, the Honourable John Crosbie, was reported in July as saying, "Our party feels no obligation whatsoever to implement what it has promised to do." He said, "The Conservative government thinks it has a completely free hand, unfettered by its promises to Canadians." I repeat that, honourable senators: "unfettered by its promises to Canadians." It was in that same interview, honourable senators, that he branded himself as Canada's "Mr. Tough Guy." Mr. Crosbie has ruled, among other things, that his leader's promise of a massive tax cut for Canadians, totalling some \$2 billion, is in that category. That is "Mr. Tough Guy's" statement, that it really was a promise not meant to be kept, and he is tough enough to keep from implementing it. That was one of Mr. Clark's main campaign planks, and yet how quickly it has been forgotten. However, it will not be forgotten by the people who serve in the opposition in this chamber.

Canadians will find it just a bit more passing strange that the Tory "Mr. Nice Guys" of last spring—remember they were "Mr. Nice Guys" and "Mrs. Nice Guys" and "Ms. Nice People" last spring who pretended to have a magical package of ideas—new easy solutions for every problem—why they even had solutions to the problem of how to get stains out of the kitchen sink; a solution for everything—well, they have in fact no such magic and now seem content to call themselves tough guys and blame all of their difficulties on the previous administration. That, honourable senators, was the most predictable thing they have done so far—to blame the previous government. How long do they think Canadians will be prepared to accept such a cop-out?

Surely we in opposition have a responsibility to remind the government day by day of the promises they have made and to remind them also that promises are made to be kept. The Tory legacy of broken promises is much larger than simply the reneging upon that \$2 billion tax break and the reincarnation or perhaps the re-emergence of Mr. Crosbie as Canada's "Mr. Tough Guy."

I have here that list of just some of the commitments made by the Conservatives during that campaign last spring. The list is only a partial one. Our research staff is still working on it because there are many more Tory promises to go. This partial list of "goodies" numbers 45 so far, with a long way to go. I have not noted the minor ones. The hundreds of small ones are kept in a sort of "Category B," but we shall remember those as well. But these are 45 separate promises. This has been the most "promising" government in Canada's history.

**Some Hon. Senators:** Hear, hear.

**Senator Perrault:** But not in the sense, my friends, that you are applauding. That word "promising" is meant to be in quotation marks.

**Senator Steuart:** Promises, promises, promises.

**Senator Perrault:** "Promises, promises, promises," says the distinguished Senator Steuart.

• (1600)

Most of these 45 promises have been dumped unceremoniously in the nearest political ashcan, with the new Tory ministers retreating in droves—faster than Napoleon retreated from Moscow—from commitments they made, as they vainly hope that the memory of Canadians will be a short one.

**Senator Steuart:** We shall remember!

**Senator Perrault:** But, honourable senators, as Honourable Senator Steuart has said, "We shall remember!"

Let me say just a few words about two promises the Conservatives seem bent upon keeping.

**Senator Flynn:** Only two?

**Senator Perrault:** They are two of the worst. My friend, if I went through the complete list of all of the promises which have not been kept and described them in detail, we would be here until five o'clock tomorrow morning and we would just be making a start.



The Petro-Canada fiasco is a glaring illustration of misguided Tory promises and disturbingly incompetent administration. Let us hope that things will improve shortly. I don't want to condemn them at this point; it would be unfair.

During the election campaign Mr. Clark described our national oil agency as a "turkey." He called it a turkey. Coast to coast it was Canada's "turkey" and he pledged to axe it.

All the public opinion polls have shown overwhelming popular support for Petro-Canada. I wonder how Senator Murray, in his former capacity as a national Progressive Conservative Party chairman, and a successful one by political standards, failed to read those polls properly or accurately. Even prominent Conservatives like the distinguished and respected M.P. Bob Coates, the national Progressive Conservative Party president, have argued that Petro-Canada should stay.

The debate on this issue has raged in many circles this summer across the country, but the key man responsible, the energy minister, has for the most part remained totally silent; or totally confused is perhaps a better way to describe it.

In a feature story in *Maclean's* magazine in August, the minister, Mr. Hnatyshyn, earned the dubious headline, and I quote, "The Case of the Missing Minister," for the fashion in which he has abdicated his responsibilities in relation to Petro-Canada as well as on the crucial question of oil pricing policy.

Even newspapers in his home province of Saskatchewan, like the Regina *Leader Post*, for example—

**Senator Steuart:** A Tory rag, if there ever was one.

**Senator Perrault:**—which, I understand, urged the election of a Clark government, have used words like "a disaster" and "an embarrassment" to describe the energy minister's sorry performance. We don't want to be unfairly critical here.

**Some Hon. Senators:** Oh, no, no!

**Senator Perrault:** But this material must be placed on the record. Despite the prevalent public opinion about Petro-Canada, despite key backbench support for the agency in the Conservative caucus and despite some of the minister's own publicly-stated views, the government seems bent upon the destruction of Petro-Canada.

Canadians are asking why. The reason may have been pretty well summed up by nationally-syndicated columnist Richard Gwyn. Writing in September under the headline "Cabinet Sold Out Part of its Energy Policy to Look Tough," Mr. Gwyn had this to say:

The inner Cabinet's decision was close.

It must have been a dramatic meeting you had, Mr. Leader.

The inner Cabinet's decision was close. It might have gone the other way had not the government already had to back away as far as it could from its promise to move our Embassy in Israel to Jerusalem, had not Sports Minister Steve Paproski mused aloud how it might not be such a bad idea, after all, if Ottawa continued to run Loto Canada, and had not Finance Minister John Crosbie similarly talked in public about how promised tax-cuts may not be implemented in his first budget.

Mr. Tough Guy!

After all that softness, the inner Cabinet felt it had to be firm on Petro-Canada . . . To prevent the government's political credibility from corroding, the inner Cabinet Ministers chose to cast away one of their instruments of energy policy. Instead, all they accomplished was to corrode the credibility of their political will. They wanted to appear strong. They acted weak.

That was Richard Gwyn in his nationally-syndicated column across Canada.

**An Hon. Senator:** Prejudice!

**Senator Perrault:** I can only suggest that Mr. Gwyn has quoted Conservatives very favourably on a number of matters in the past. And the same Mr. Gwyn urged Canadians from coast to coast to vote for this government. Now you attack his credibility and logic, honourable senators. Was he wrong as well in May? That is a consideration which should haunt you.

Honourable senators, I had intended to speak at length about Petro-Canada, but I think that a longer debate should be held in this chamber on a future occasion to talk about this issue and to talk about whether this agency is serving the interests of Canadians and whether or not this mad drive to destroy Petro-Canada is in the public interest.

I want to say that Canadians now own a national petroleum company whose aim is to ensure that Canadians will have the supplies of oil and natural gas needed in the years ahead. It is a company that makes sufficient profit from conventional involvement in the industry to achieve its goal without excessively burdening the taxpayer.

It always interests me, regarding some of this Conservative philosophy, that they love to go across the country talking about how inefficient governments are, and they say, "Why, every government corporation loses money. Everyone knows that." Then all of their proposals are to privatize only those government operations which make money and to leave all of the unprofitable and marginal operations still to be supported by the taxpayers to limp along on government subsidies so that at some future time they can say, "Well, we are a free enterprise party. Look at those government corporations. They can't turn a profit."

I think that is grossly unfair to many of the operations which have been developing and thriving under government ownership or with partial government support.

That does not mean to say that Liberals are at all opposed to the privatization of certain companies; but there has to be consistency with respect to this policy, and we urge the government not merely to retain all of the money-losing propositions and burden taxpayers with them and sell off the money-making ones to the private sector. There must be an even-handed policy.

Petro-Canada has the power not only to find future energy supplies in Canada but to negotiate with foreign countries for an assured supply of imports.



The Canadian people and the Canadian economy will need secure oil supplies at the best possible price for many years to come. In my view, only a publicly-owned company like Petro-Canada can deliver this. That is why this Liberal opposition party actively opposes a move by the Conservatives to jeopardize energy security for Canadians, and we intend to speak out very vigorously on this matter in the months to come.

I would like to turn to another area where one of the few promises the Tories are keeping will cause major problems for Canada. Going back to Mr. Clark's very first hours in office, the issue of relocating Canada's embassy in Israel from Tel Aviv to Jerusalem gave us our first clue about how foolish and accident-prone the new government was likely to be. The promise to move the embassy was originally made to win votes for the Conservatives in certain areas of the country where they thought such a move might be popular. The fact is that the Prime Minister blundered with that idea, disregarding the best professional advice, disregarding the continuing state of conflict in the Middle East, and also the delicate state of peace negotiations in that area.

● (1610)

In one fell swoop—perhaps it has never happened before in the history of Canadian government and politics—the Tories managed to anger both the Arabs and the Jews simultaneously. They have damaged Canada's long-standing reputation as an honest and fair broker in Middle East affairs, especially peacekeeping; they have made Canadian officials in diplomatic offices abroad the potential targets of possible terrorist attacks; and they have also put millions of dollars of existing and potential business for Canadians in serious jeopardy.

As a last ditch effort to save face, Mr. Clark asked Robert Stanfield, a highly respected Canadian—now known as “Stanfield of Arabia,” I suppose—to intervene on a mission to bail out the government. Mr. Stanfield is finding it to be an impossible task, and he is a reasonable, able gentleman.

Let us take a look at the overwhelming public reaction to the Conservative policy on our Israeli embassy. First may I quote from a letter sent to my former office, the old office occupied by the then Leader of the Government. It was received by my office this week from a spokesman for a major international company based in Canada—and I refer to Northern Telecom.

The letter is not marked “Personal and Confidential,” and I shall therefore quote from it as follows:

October 5, 1979

Northern Telecom Limited  
255 Albert Street  
Ottawa, Ontario

... For our part, Northern Telecom's representatives in the Middle East inform us that Canada has been under almost daily attack in Arab newspapers during the past recent months. They have noted a distinct change in attitude and action of the representatives of our customers. I am advised that there has been a slowdown in contract negotiations in the past several months. In the

event that there was a complete cutoff of negotiation the effect would be measured in many millions of dollars and several hundred jobs.

That is a letter from one company alone. Despite this blundering policy, losing reactor contracts in Argentina and valuable contracts in the Middle East when it is not necessary to do so, this nation, at the same time, can retain its moral force in the world without compromising any of its principles.

What is the reason for this insanity? Why do we embark on policies so badly thought out that we are endangering the ability of thousands of Canadians to earn a living, and lengthening the unemployment lines? I would ask honourable senators to listen to the following quotations about bumbling government policy in the Middle East.

A spokesman for the Department of Industry, Trade and Commerce—the minister's own department—says:

Canada stands to lose at least 55,000 jobs and \$1.6 billion worth of imported petroleum if the Arabs retaliate against an embassy move by cutting off all trade.

The Minister of National Defence, the Honourable Allan McKinnon—the government leader's distinguished cabinet colleague—made the following statement on June 13:

With our present difficulties with the Arab world, I don't think that Iran would sell us a bucketful of sand let alone a special price on F-14s.

Roger Banister, President of Banister Continental, on the fourteenth of that month, said:

The embassy move is like taking a bet when you have everything to lose and nothing to gain.

There have been comments from Ronald Keating of Litton Industries, and also from J.C. Thackery of Bell. The latter said:

Bell is completing the second year of a 5-year (\$1.5 billion) contract but it is renegotiating with a view to doubling its business in the country.

Such action on the part of the government is placing contracts of that kind in jeopardy.

Quite apart from the effect on employment in this country is the effect on the exchange rate of our dollar. There is now a vital need to export and sell more abroad. This is precisely the wrong time for governments to blunder into a delicate international situation, and affect thereby not only the economic prospect of Canadian manufacturers and companies, not only endanger Canadian jobs, but also adversely affect our ability to be an honest broker in the Middle East. Canada traditionally has done everything it can to bring about peace in the Middle East. This country recognizes that Israel must exist behind safe and secure boundaries and, at the same time, is using its good initiatives toward solving the difficult and intransigent Palestinian refugee problem.

Rowland Frazee, of the Royal Bank of Canada, said:

A threatened financial boycott of Canada by Arab countries must not be underestimated.

And so on. John Bullock, President of the Canadian Federation of Independent Business, a spokesman for small businesses in this country, said:

It's a devastating issue.

The Canadian Manufacturers Association said:

60,000 jobs could be lost due to cancelled contract sales to Arab countries.

I know that some tentative efforts are now being made to regain lost ground, and I wonder if it is possible to achieve that.

Honourable senators, much more could be said about the Speech from the Throne and about our responsibilities in the months to come. I do not wish to prolong the debate, as the hour is moving along and there will be many opportunities to review the actions and promises of this government, not only during the Speech from the Throne debate but also during question period and debate on certain bills.

I suggest that we in Parliament have a great responsibility, just as the government has a massive responsibility to Canadians—a responsibility which all of us hope they will be able to carry out with ability. These are trying times for all nations, but no Canadian would disagree with the view that Canada possesses greater potential than any other country. The Prime Minister said that the other day, the Leader of the Opposition has said it on several occasions, and we all agree. We parliamentarians must be worthy of our country, and I believe that during the course of this Parliament we shall be.

[Translation]

**Senator Flynn:** Honourable senators, this is only the second day I sit on this side of the house and while I was more familiar with the perspective from the other side, I am beginning to find it very interesting here. I am getting used to it very easily and I think I will like it better. Maybe it is mostly due to the fact that I have found a new zeal in many of my colleagues across the way. I am referring specially to the strong speech the Leader of the Opposition has just delivered. I find a new man in him, and I could not suspect that he would show so much vigour and such determination in his attacks on Mr. Clark's administration.

I have noticed that he is prepared to give him a chance, that the opposition is willing to give him a chance, but I realize also that he himself will not miss a chance to attack the government as often as possible. That is quite fair.

[English]

May I first extend my heartfelt thanks to Senators Bielish and Charbonneau for, respectively, moving and seconding the motion which has created this debate? These two new senators have acquitted themselves honourably.

● (1620)

Senator Martha Bielish, with a wealth of experience in the fields of native affairs and women's rights, addressed eloquently issues of concern to us all. I am bolstered by the conviction that each of her future interventions in debate will be as compelling and enlightened as her thoughts of yesterday.

[Translation]

As for the remarks made yesterday by Senator Guy Charbonneau, they lead me to believe that the future may be faced with optimism. The well-advised points he made lead us to reflect on the importance of the forthcoming decisions that the government will have to make. The relevance of his remarks and his determination convince me that the province of Quebec can count on another influential spokesman, since he understands the situation in Quebec as well as elsewhere in Canada and is well aware of today's political realities. We are privileged to be able to benefit from his professional competence.

[English]

Yesterday I welcomed new senators, and I welcome them again. Perish the thought that I should neglect to welcome back the members of the fifth estate. It is heartwarming to see such an augmented press gallery, at least during the question period, although they may find it a little too long. We will all enjoy, I can assure you, the attention which they will be affording us. I can only hope that they will not tire. While our debates may lack the parry and thrust which characterizes, I am told—I should remember—those in the other place, our discussions are every bit as incisive. They will enjoy them, I am sure, and we will expect accurate and thorough reporting of our debates, as a consequence.

Finally, before delivering myself of my customary pearls of wisdom—

**Senator Perrault:** Synthetic pearls.

**Senator Flynn:** I do not think I will speak for as long as you did, anyway—I should like to thank most sincerely all of you who were kind enough to either call or write, congratulating me on the appointments I received from the Prime Minister. That kind of thoughtfulness is always appreciated.

Honourable senators, I begin this speech somewhat unfamiliar with my own new role. While proud of the responsibility which has fallen to me, I am somewhat humbled by it. I appeal to you all for co-operation in the legislative task which faces us.

Senator Perrault has just completed his first address to us as Leader of the Opposition in the Senate. A capable man he is, leading a formidable array of senators. His knowledge of how this place works and his sense of responsibility, combined with his traditional good-humoured manner, bode well for our progress in the months ahead.

The good senator's first oratorical effort as Leader of the Opposition indicates to me that he plans to do his customary thorough job. He will want to know right now that we on this side are as determined as he is to see the Senate carry out its traditional function. The ladies and gentlemen who surround me are of the government party, but they are, first and foremost, of the Senate. They too will want to see this body give close scrutiny to legislation with a view to making it the very best possible. They will not back away from this responsibility. Of course, as Progressive Conservatives they share with the government an orientation and a goal; but they will be

[Senator Perrault.]



striving to ensure that the legislation the government brings in serves to implement those common aims.

I hope honourable senators appreciate the degree to which this place has been strengthened by the new government. The presence in this chamber of three ministers with portfolios will upgrade the relevance of our deliberations and aid significantly towards Senate reform. As for ministerial accountability, I feel certain, as a result of yesterday's Question Period, and of course, today's, that it will be ensured, in spades.

The Prime Minister, by design or necessity, has recognized the legitimacy, importance, and vitality of this chamber. It is now up to us to demonstrate to the Canadian people the wisdom of that decision and to drive home the inestimable value of a bicameral system. The position of prominence which has now been accorded to this chamber now equips us, as never before, to discharge our mandate as representatives of the regions of Canada. Rarely has there existed a better opportunity to articulate at the centre the views of the communities which make up this great federation.

The Speech from the Throne emphasized this government's realization that cultural and regional diversity is a Canadian strength, not a weakness. While the late John Porter's sociological dichotomy of the melting pot versus the mosaic may no longer strictly apply, the fact is that Prime Minister Clark, a man wise beyond his years, recognizes that a Canadian identity within this vast North American continent cannot be achieved through homogeneity. Rather, regional traditions and customs, honoured for their value to our nationality and represented and listened to by the national government, will strengthen both the parts and the whole.

The Clark government is determined to redress the numerous misgivings about this country sincerely held by many sectors of the population; and it is wondrous to behold how the assurance of both an ear and a voice in Ottawa serves to soothe badly ruffled feathers.

This is where the Senate can be of great help. We are created, in part, for just that purpose: to ensure regional representation in Parliament. We should fulfil that purpose with added determination now that we are guaranteed recognition.

[Translation]

Honourable senators, the particularism of Quebec will not disappear: it must be respected by this house. We must abandon any technocratic effort towards shaping Quebec after the other provinces. The present government, within which I have the honour of representing Quebec, has already won praise, even that of the duly elected Quebec government, not because it approves its ultimate objectives—that is certainly not the case—but rather because it proved it could listen and make room for consultation, which helped to dissipate part of that feeling of confrontation that had prevailed until then.

I sincerely believe that Quebecers can become imbued with the feeling which impels the new government. It has no intention of treating them with paternalism. It does intend instead to prove that this government enjoys the necessary

credibility from sea to sea to implement the changes needed to ensure the respect of particular regional, cultural and linguistic characteristics.

I feel that we have already proved our good faith by implementing quickly the recommendations of the commission assigned the task of looking into bilingualism in air communications. That decision was made possible thanks to the sense of tolerance and fair play of the people. We knew Canadians had those qualities. We now have proof of it. The man who chaired that commission of inquiry, a learned and shrewd man, will henceforth have the opportunity of serving his province and his country in the Supreme Court of Canada.

Allow me, in addition, to render unto Caesar the things that are Caesar's by pointing out that the appointment of Mr. Marcel Massé as the highest civil servant in the land is clear proof that this government put into practice the wise policy of equality of opportunities for francophones in the Civil Service of Canada.

We now stand on the eve of a new era in federal-provincial relations in our country. Pessimism and negativism must now be things of the past. We have every reason to face the future with confidence and enthusiasm. The province of Newfoundland could be mentioned as an example of a province whose aspirations loom high and whose future looks very promising.

Whether it be Newfoundland, Quebec or Alberta, an obvious change can be noticed in the approach of the federal government. That new approach to problems will make it possible to unite all the governments of the country through new ties of solidarity. The objective of this government is to increase the self-sufficiency of the provinces. We are not trying to gain control over their destiny. On the contrary! We hope they will henceforth assume a greater share of the responsibilities that will enable them to give that destiny its orientation.

• (1630)

[English]

Honourable senators, this is a government with a new style. Joe Clark has invited the province of Newfoundland to share in the economic wealth of this nation; to become a "have" province; to enjoy at least the prospect of no longer being dependent on handouts; and to be in a position to give rather than to receive. You will grant me, I trust, that economically viable provinces can form a strong federation, and you will not counter with the antiquated belief that they must all be poor and reliant upon Ottawa. Yes, senators, with the advent of this new government, sensitive to the feelings and aspirations of the provinces, a new era of federal-provincial relations has come to Canada.

My thoughts on the matter of promoting increased harmony among governments in this country were initiated today in the context of regional representation, a function of this chamber, which is of paramount importance. I have indicated that the relevance of this house, in the sense of day-to-day government, has appreciated. Visibility carries with it, of course, a great responsibility to the people, the process, and the institution of Parliament.

We are more than just an assembly of sober second thought. Our committees, while never delaying legislation, pass effective judgment and make sound recommendations. Recent reports by Senate committees on trade with the U.S., growth, employment and price stability, and many other matters, are a testimony to the creativity and soundness of judgment present in this place. The appointment of vigorous new senators will, I am convinced, contribute to that process.

As a house of Parliament, we cannot, however, lose sight of the fact that if only because the public believes it to be so, we as senators have not the same mandate as our elected colleagues down the hall. I need not remind the Senate that the British Lords once had as much authority as we do now until, after a protracted dispute with the Asquith Liberal government in 1911, it was largely emasculated. We know, as astute political beings, that the Senate would lose any electoral contest provoked by a stubborn refusal on the part of this house to pass, after careful consideration of course, the legislation commended to us by the other place.

It is in this vein that I particularly appreciate the thoughts on this subject of Senator Perrault this afternoon and as quoted over the summer. A visit to Westminster has apparently convinced him that policies endorsed by the people with their ballots warrant speedy enactment into law; that statesman-like co-operation in that regard will be instrumental to the process of governing this country; and, as the Leader of the Liberal Party has added his view, that the Senate should not obstruct the will of the democratically-elected government, I guess we have every reason to expect a congenial session ahead.

[Translation]

Honourable senators, we are counting on your support because the Speech from the Throne suggests that this government is determined to act. Already this summer the Prime Minister and his cabinet took a host of unprecedented steps.

The government showed determination in making cutbacks. It did so because it is deeply convinced that any waste must be eliminated, more particularly any squandering of public monies. The combined effects of this approach and a concern for government efficiency should enable this government to put us back on the road to economic prosperity.

We know perfectly that a policy of restraint is not a popular one. But we know also that somebody had to show the people the difficult situation that we have inherited.

So we had to take a double dose of courage and tell it to the people as it is. That is what the new government endeavoured to do as soon as it took office.

We want our government to govern. Furthermore, we want the people to know about our goal and that we are doing everything we can to achieve it.

[English]

We are telling it like it is, and the Canadian people seem to appreciate this forthrightness. That is why the Minister of Finance, despite an improving unemployment and inflation picture, has prognosticated a deteriorating economic scene for

1980. From this the people will glean that our approach is to cease covering up and to cease applying band-aids in favour of creating a sound economic structure over the medium and longer terms.

The task is not an easy one. The experience will be a wrenching one, for what we are attempting to do is to give government back to the people. We are trying to give the taxpayer a more direct say in how his tax dollars are spent. We are bound and determined that there should be less government influence in the day-to-day lives of Canadians. Smaller government and bigger people—that is what we want for this country.

We have inherited a social and economic situation which, to say the least, is a challenge. Now we turn to the people and ask, "Won't you please support us in the difficult decisions that we are going to have to make in the next short while? Won't you help us get Canada producing again?" The answer has been, "Yes." The determination to make a success of this renewal is ever increasing.

● (1640)

Honourable senators, I have faith that the people will show us compassion as we proceed to enact our legislation. After all, the Throne Speech and other indicators have revealed clearly that it is the will of this government to once again make the individual count.

It is hoped also that gone are the days of alienation on the part of Canadians from the Parliament of Canada. Parliament must never be made to feel impotent. The government must never become overbearing and inflexible. We must strive to win back the attention and sympathies of Canadians, particularly the young. One of the first steps this administration took along these lines was to include in the Throne Speech specifics as to how the consequence of Parliament, and hence the representativeness of the individual, might be reinforced.

Just a few months in office and the Progressive Conservatives have made it clear that the people have a right, with very specific exceptions, and facilitated by a simple appeal process, to know what it is the government is doing, what options it is considering and how our tax dollars are being spent. The enactment now of freedom of information legislation will, I predict, have such an impact on the face of government in this country that it might come to be remembered as Joe Clark's "Bill of Rights."

Now, honourable senators, we do not plan to stop there. As the Throne Speech implied, this government will act to guarantee the individual a greater voice through a Commons with a redefined purpose. Both the independence and the productivity of Commons' committees will escalate once they are given the power to call witnesses, before televised sittings, and to be backed up by expert professional staff.

Having promised the individual a voice in Parliament, the Throne Speech promises the individual a stake in his country. Much has been said of the government's program to phase in a mortgage and property tax credit. It is, in my opinion, an equitable and forward-looking initiative, designed to stimulate



employment through the encouragement of a broadly held but heretofore difficult to realize societal goal—home ownership. I surely need not expound upon the stabilizing influence of home ownership in our urban environment of today. I will say that for those who prefer to rent, not only will they continue to enjoy, albeit indirectly, a similar tax advantage, but they should have a wider choice of rental accommodation available to them as families who currently rent realize their dreams and move into newly-built accommodation.

[Translation]

Honourable senators, the program of tax credits for mortgage interest is but one of the solutions applied by this government to the economic challenge it is now facing. The Speech from the Throne recognizes the fact that only the private sector can create permanent and full-time jobs. During the 1976 session, I stated that the government must stop wasting money in vain attempts at job creation. The many job-creation programs implemented by governments throughout the years have all proved ineffective.

The new government proposes an economic development strategy based upon the joint efforts of labour, business and government. Canada's technical skills are recognized universally, but our progress in this area has slowed down because other countries have constantly allocated more funds to research and development than our own government. We have put a stop to this unforgivable indifference to our advance over our competitors; since the government is concerned with the middle term, it agreed to further assist the development of our advanced technical sector, which will put to good use our highly qualified manpower.

As you know, honourable senators, I sit in the cabinet in both capacities of Leader of the Government in the Senate and of Minister of Justice and Attorney General of Canada. I would like to give some indication of the various legislative measures that Parliament will be called upon to consider and which come under my specific responsibility.

I fully expect to be able to introduce a bill amending many provisions of the Criminal Code. Parliament will be asked once

more to consider the changes required to the Fugitive Offenders Act as well as provisions which will finally allow the garnishment of salaries paid by the federal government. Moreover, the government will ask this house to consider an increase in the salary of judges appointed at the federal level, proposals concerning freedom of information, as well as other amendments to the Federal Court Act and the Canadian Human Rights Act.

I have here a list of measures that the government intends to introduce in Parliament during the first session. Perhaps they could be printed as an appendix to today's proceedings for the information of members of this house. They will note that this list contains at least five bills which come directly under the Department of Justice.

(For list see Appendix "C", p. 59.)

It is quite obvious, honourable senators, that we shall be very busy during this session and that we will have a lot of work to do.

[English]

Honourable senators, as I have said, in this session the government will be introducing legislation in many areas, and I have asked that there be printed as an appendix to today's *Hansard* a list of some of the measures the government will propose to place before Parliament during the present session.

Honourable senators, that is generally our program. It is an ambitious one, one that will require great industry to implement properly. I am sure we in the Senate will do our share to see to it that this new government gives Canada the direction and leadership it needs to face the decade of the eighties.

In closing, I would like to say a word about Senate reform. I am awaiting introduction in the other place of the government's white paper on parliamentary reform. That document should serve as a focus for discussion in this chamber as well. Pursuant to its presentation, it is my intention to discuss with the Leader of the Opposition, in some greater detail, the substance of Senate reform about which we have often spoken in the past, and also some possible changes in the arrangement of our day-to-day business.

Senate reform is often talked about but seldom acted upon. It is now a matter treated seriously by the government, but it will require from all of us a open-mindedness towards change. I have a great deal of faith that all senators will rise to the many and varied challenges of the total government program. I am expecting a spirit of co-operation and constructive criticism to emanate from the ladies and gentlemen opposite, and if, in fact, that materializes Canada will be in for a period of exceptionally good government.

[*Translation*]

**Senator Lamontagne:** May I ask a question, honourable senators? Does this mean that from now on a bill concerning, for example, the Department of Justice will first be introduced in the Senate, even if it entails public expenditures?

**Senator Flynn:** Since you mention it, I say no, because it would mean amending the Constitution. I did not mention it, but a number of bills will certainly be first introduced here. I could name some of them, I believe, but I am waiting until I obtain a more comprehensive list. Of course, this does not mean that because a bill concerns the Department of Justice it will be first introduced here. For example, the bill concerning the salary of judges cannot be introduced here, since it must be passed by the other place first.

● (1650)

[*English*]

On motion of Senator Lamontagne, debate adjourned.

The Senate adjourned until Tuesday, October 16, at 8 p.m.

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## APPENDIX "A"

(See p. 35.)

## CANADA

## PROVINCE OF BRITISH COLUMBIA

ELIZABETH THE SECOND, by the Grace of God, of the United Kingdom,  
Canada and Her Other Realms and Territories, Queen, Head of the  
Commonwealth, Defender of the Faith.

To all of whom these presents shall come—GREETING

## A PROCLAMATION

G. B. Gardom  
ATTORNEY-GENERAL

WHEREAS we believe that Canada's history, its future and its place in the world demonstrate great achievement, attainment of hopes and engendered respect;

AND WHEREAS this nation was established upon free choice to meet the aspirations and needs of its founding peoples; enriched by the contribution of many other cultures, its native races and by the diverse skills of persons from many lands which together with an abundance of natural resources have combined to produce a country which we cherish;

AND WHEREAS Canadians may live without fear and are able by democratic means to bring about orderly and necessary change protected by such fundamental rights as freedom of speech, freedom of religion, freedom of association and assembly and freedom to move throughout Canada under the protection of the law;

AND WHEREAS we firmly believe that any existing injustices and challenges to our future well-being can best be met in a united country;

AND WHEREAS at this time of decision, British Columbia join all Canadians in expressing to the people of Quebec their love of country and the desire for continued unity;

AND WHEREAS it is hoped that the declaration of a United Canada month will encourage British Columbians,

individually and in civic groups, to support ongoing unity projects as part of a nation-wide effort to exemplify the desire of British Columbians to continue to live with the people of Quebec within a united Canada;

AND WHEREAS Our Administrator, by and with the advice and consent of the Executive Council, has been pleased to direct by Order-in-Council in that behalf, that a Proclamation be issued appointing the month of October, 1979 as United Canada Month in the Province of British Columbia;

NOW KNOW YE THAT We do by these presents proclaim and declare that the month of October, 1979 shall be known as United Canada Month in the Province of British Columbia.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent and the Great Seal of Our Province to be hereunto affixed.

WITNESS The Honourable Nathaniel T. Nemetz, Administrator of Our Province of British Columbia, in Our City of Victoria, in Our Province, this thirtieth day of August, in the year of Our Lord one thousand nine hundred and seventy-nine and in the twenty-eighth year of Our Reign.

BY COMMAND.

H. A. Curtis  
PROVINCIAL SECRETARY AND MINISTER OF  
GOVERNMENT SERVICES

## APPENDIX "B"

(See p. 44.)

STATEMENT BY THE HONOURABLE RAY HNATYSHYN  
MINISTER OF ENERGY, MINES AND RESOURCES

September 5, 1979.

The government has now completed an extensive and detailed review of the operations and functions of Petro Canada. This review has confirmed the government's intention to see a significant proportion of the assets of Petro Canada returned to the private sector and to end the preferential position the government company now holds in frontier lands. It is the government's firm conviction that these assets will be more effectively managed in the private sector and that the benefit of their ownership should be broadly distributed among Canadian citizens.

Certain activities should continue in the public sector. The government, in pursuit of its overall energy objectives, sees the following functions as properly residing with the government:

- (i) the negotiation of state to state contracts for the importation of crude oil where necessary;
- (ii) the promotion of exploration in frontier areas with increased Canadian participation and at a pace which cannot be expected of the private sector alone;
- (iii) the promotion, along with frontier exploration, of tar sands and heavy oils research and development.

I have, therefore, appointed:

- 1. Roland Giroux
- 2. Sid Kahanoff
- 3. Donald McDougall (Chairman)
- 4. Ralph Sykes

as a task force to advise me on which of the existing assets of Petro Canada might most beneficially be returned to the private sector as well as to broaden Canadian participation and ownership. The task force will advise as well on the best means, in its view, of effecting this transfer of ownership to individual Canadians. In tendering its advice, the task force will also be concerned to ensure that sufficient capacity is left with the government to carry out the three essential functions.

The task force is to make its report to me not later than mid-October.

## BIOGRAPHIES

ROLAND GIROUX, 66, is the former president of Hydro Quebec and chairman of the James Bay Energy Corporation. He is a prominent Quebec businessman and a director of several large public corporations, including the Bank of Mon-

treau, Churchill Falls Labrador Corporation Limited, Power Corporation of Canada Limited, Canadian Commercial Corporation and Hydro Quebec. Mr. Giroux is a member of the Canadian Chamber of Commerce, as well as several other voluntary organizations. He was born in Montreal and received his formal education at College Saint Cesaire in Rouville, Quebec. He is married with three children and lives in Montreal.

SYDNEY KAHANOFF, 56, is the former chief executive officer of Voyager Petroleum Limited of Calgary, a company he founded in 1966. He recently sold his interest in this public company to Nu-West Development Corporation Limited of Calgary, a company in which he remains a director. Mr. Kahanoff was born in Winnipeg and spent four years in the Canadian Air Force during World War II. He studied engineering physics at the University of Saskatchewan and worked for Union Oil of California for 15 years prior to forming his own company. He is a past president of the Independent Petroleum Association of Canada. Mr. Kahanoff is married with no children and makes Calgary his home.

DONALD McDOUGALL, 41, has been granted an indefinite leave of absence from his job as president of Labatt Brewing Company Limited of London, Ontario. Mr. McDougall joined Labatt's in 1961 as a sales representative in British Columbia and was Vice-president and General Manager of Labatt Breweries of British Columbia Limited prior to becoming president of Labatt's in 1971. He was born in Kinkora, Prince Edward Island and received a degree in business from St. Dunstan's University and an M.B.A. from the University of Western Ontario. Mr. McDougall is married and the father of three sons and two daughters. He is a director of the Toronto Blue Jay Baseball Team and lives in London, Ontario.

RALPH SYKES, 40, is a senior partner in the firm of H. R. Doane Company, Chartered Accountants, and has responsibility for coordinating many of the firm's management and administrative programs, including long-range planning in acquisitions and mergers. His business experience includes acting as a financial and tax advisor to many major Atlantic companies and as a consultant at senior levels in business and government. Mr. Sykes was born in Calgary and graduated from the Royal Military Academy with a Bachelor of Arts in Economics in 1961. He lives in Halifax.



## APPENDIX "C"

(See p. 55.)

LIST OF SOME OF THE MEASURES WHICH THE GOVERNMENT  
PROPOSES TO PLACE BEFORE PARLIAMENT DURING THE  
FIRST SESSION OF THE THIRTY-FIRST PARLIAMENT

- |   |  |
|---|--|
| Adjustments of Accounts Act   | Amendments to the Fisheries Act                                      |
| Amendments to the Adult Occupational Training Act                               | Amendments to the Fisheries Improvement Loans Act                    |
| Legislation respecting Aerial Hijacking   | Legislation repealing Four Agriculture Statutes                      |
| Amendments to the Aeronautics Act   | Freedom of Information Act   |
| Amendments to the Agricultural Stabilization Act                                | Fugitive Offenders Act   |
| Bankruptcy Act  | Garnishment, Attachment and Pension Diversion Act                    |
| Banks and Banking Law Revision Act, 1979  | Amendments to the Income Tax Act                                     |
| Amendments to the Bretton Woods Agreements Act                                  | Amendments to the Income Tax Act respecting Mortgage                 |
| Canada Beef Import Act  | Interest and Property Tax Relief                                     |
| Amendments to the Canada Elections Act  | Legislation respecting Income Tax Conventions                        |
| Legislation to repeal the Canada-France Trade Agreement                         | Amendments to the Immigration Act                                    |
| Amendments to the Canada Labour Code  | Independence of Parliament Act                                       |
| Canada Non-Profit Corporations Act  | Amendments to the Indian Act   |
| Canada Oil and Gas Act  | Labour Information Bureau Act  |
| Canada Ports Act  | Amendments to the Livestock Feed Assistance Act                      |
| Amendments to the Canada Shipping Act   | Amendments to the Judges Act   |
| Legislation Establishing the Canadian Agripro Corporation                       | Amendments to the Land Titles Act                                    |
| Amendments to the Canadian Film Development Corporation Act                     | Amendments to the Loan Companies Act                                 |
| Amendments to the Civilian War Pensions and Allowances Act                      | Amendments to the Migratory Birds Convention Act                     |
| Amendments to the Coastal Fisheries Protection Act                              | Migratory Caribou Convention legislation                             |
| Amendments to the Compensation for Former Prisoners of War Act                  | Proposals for a Miscellaneous Statute Law Amendment Act              |
| Amendments to the Corporations and Labour Unions Returns Act                    | Municipal Grants Act   |
| Amendments to the Criminal Code   | Legislation to implement the Multilateral Trade Negotiations         |
| Legislation respecting Crown Corporations                                       | Tariff Changes   |
| Customs Act   | Legislation to implement the Non-Tariff Multilateral Trade           |
| Amendments to the Customs Tariff  | Negotiations Agreements  |
| Amendments to the Department of Labour Act                                      | Amendments to the Old Age Security Act                               |
| Amendments to the Diplomatic and Consular Privileges and Immunities Act         | Omnibus Environmental Amendment legislation                          |
| Legislation to revise the Electricity Inspection Act and the Gas Inspection Act | Legislation to revise the Patent Act                                 |
| Legislation amending the Employment Tax Credit program                          | Amendments to the Pension Act  |
| Essential Services Disputes Act   | Amendments to the Petroleum Administration Act                       |
| Amendments to the Excise Tax Act  | Plant Breeders' Rights Act   |
| Amendments to the Farm Credit Act   | Legislation to convert the Post Office into a Crown corporation      |
| Amendments to the Farm Improvement Loans Act                                    | An Act respecting certain postal rates                               |
| Amendments to the Federal Business Development Bank Act                         | Legislation respecting the Privacy of Individuals                    |
| Legislation respecting Fiscal Transfers to the Provinces                        | Legislation respecting Public Service Pensions                       |
|   | Legislation respecting Québec and Montréal Port Wardens              |
|   | Amendments to the Radiation Emitting Devices Act                     |
|   | Consolidation of Regional Development legislation                    |
|   | Legislation respecting the Relocation of Federal Agency Head Offices |

Amendments to the Royal Canadian Mounted Police Act  
Safe Containers Convention Act  
Amendments to the Salfish Act  
Amendments to the Seeds Act  
Legislation respecting Sexual Offences  
Amendments to the Small Businesses Loans Act  
Sunset legislation  
Legislation to revise the Trade Marks Act

Transportation of Dangerous Goods Act  
Telecommunications Act  
Amendments to the Trust Companies Act  
Amendments to the Two-Price Wheat Act  
Amendments to the Unemployment Insurance Act  
Amendments to the War Veterans Allowance Act  
Legislation respecting Young Offenders  
Amendments to the Yukon Quartz Mining Act

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## THE SENATE

Tuesday, October 16, 1979

The Senate met at 8 p.m., the Speaker in the Chair.  
Prayers.

### THE HONOURABLE SARTO FOURNIER THE HONOURABLE AZELLUS DENIS

FELICITATIONS—FORTY-FOUR CONSECUTIVE YEARS IN  
PARLIAMENT

**The Hon. the Speaker:** Honourable senators, it has been drawn to my attention, and I believe honourable senators would wish it to be drawn to the attention of the Senate, that Senators Sarto Fournier and Azellus Denis completed 44 consecutive years in Parliament on Sunday, October 14. They were first elected to the House of Commons on October 14, 1935, and have remained in the service of Canada and the Parliament of Canada from that day to this, with great distinction.

[Translation]

**Senator Flynn:** Honourable senators, I think I should echo the Speaker and congratulate Honourable Senators Sarto Fournier and Azellus Denis, who have been sitting over 40 years in Parliament.

As they both look quite young—unfortunately Senator Denis is not here—we realize that they launched their career quite early. I am sure they will remain among us for a long time. I extend to both of them my congratulations and my best wishes.

**Senator Perrault:** Honourable senators, I also wish to highlight the 44 years of uninterrupted service in Parliament which Senator Sarto Fournier and Senator Azellus Denis completed last Sunday, October 14.

I know that my colleague—Senator Denis is here now.

[English]

**Senator Denis:** What about the gift?

[Translation]

**Senator Flynn:** It will come.

**Senator Perrault:** I know that my colleagues want to join me in extending our sincere congratulations and best wishes of good health on this occasion.

We hope they will remain among us for years to come.

**Senator Fournier (de Lanaudière):** Honourable senators, after all the unexpected praise which we have just received, my colleague Senator Denis and myself, they were more or less deserved at the beginning, we owe them to the generosity and the loyalty of the electors of the constituency of Saint-Denis

and those of Maisonneuve and Rosemont who during 18 years have kindly let us serve them.

Since 1953, I have had the honour of sitting among you. I feel that I must tell you, because I have felt in my conscience, my heart and my mind, since the very first day that, to belong—excuse me, I no longer have the voice I had in days gone by—that to belong to this august assembly for so long is, I believe, in civil life as well as in public life, the highest honour and at the same time the heaviest burden a man can assume.

As for the Senate, it is not nearly as much in the limelight as the House of Commons because the type of discussions we have here, the type of analysis and reflection we do is not quite the same as those in the House of Commons with which, both my friend Senator Denis and myself have had considerable experience. In the other place, one fights to be re-elected while serving the country. Here, we are solely concerned with serving our country to the best of our ability.

It was an honour for me to do so with you and, to those who wished me to continue doing so for years to come, I say I hope their wishes come true.

**Senator Denis:** Honourable senators, I have just come in and learned why I was applauded. Probably because you praised me. So, I accept your praise and thank you for it. I also thank you for the faults you ignored.

And so, I hope I shall continue to serve very humbly. I trust that all those who have the courage to spend 44 years in public life will also deserve congratulations.

**Some Hon. Senators:** Hear, hear.

[English]

### PRINTING OF PARLIAMENT

STANDING JOINT COMMITTEE—COMMONS MEMBERS

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons, as follows:

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that Messrs. Mitges, Binks, Bradley, Ellis, Gurbin, Clarke (Vancouver Quadra), McLean, McCuish, Elzinga, Hawkes, Lambert (Edmonton West), Appolloni (Mrs.), Killens (Mrs.), Daudlin, Loiselle, Parent, Pelletier, Reid (Kenora-Rainy River), Turner, Ethier, de Jong and Mitchell (Mrs.) have been appointed a Committee to direct the printing of the House of Commons and to act on behalf of this house as members of a Joint Committee of both Houses on the subject of the Printing of Parliament.

C. B. Koester  
The Clerk of the House of Commons

Ordered, that the message do lie on the Table.

● (2010)

### LIBRARY OF PARLIAMENT

#### STANDING JOINT COMMITTEE—COMMONS MEMBERS

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons, as follows:

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that this House has appointed Messrs, Mitges, Binks, Bradley, Ellis, Gurbin, Kushner, McLean, McCuish, Elzinga, Hawkes, Lambert (Edmonton West), Bussi res, Daudlin, De Ban , Lachance, Lapointe, Nicholson (Miss), McCauley, Evans, Blaikie and Jewett (Miss) a Committee to assist His Honour the Speaker in the direction of the Library of Parliament so far as the interests of the House of Commons are concerned, and to act on behalf of this House as members of a Joint Committee of both Houses on the Library.

C. B. Koester  
The Clerk of the House of Commons

Ordered, that the message do lie on the Table.

### REGULATIONS AND OTHER STATUTORY INSTRUMENTS

#### STANDING JOINT COMMITTEE—COMMONS MEMBERS

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons, as follows:

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that Messrs. Baldwin, McKinley, Wightman, Hawkes, Nickerson, Wakin, Crosby (Halifax West), Herbert, Daudlin, Joyal, Robinson (Etobicoke—Lakeshore) and Robinson (Burnaby) have been appointed a Committee to act on behalf of this House as members of a Joint Committee of both Houses on Regulations and other Statutory Instruments.

C. B. Koester  
The Clerk of the House of Commons

Ordered, that the message do lie on the Table.

### RESTAURANT OF PARLIAMENT

#### STANDING JOINT COMMITTEE—COMMONS MEMBERS

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons, as follows:

Ordered,—That a Message be sent to the Senate to acquaint Their Honours that this House has appointed

[The Hon. the Speaker.]

Messrs. Clarke (Vancouver Quadra), Darling, Mitges, Elzinga, Halliday, Scott (Victoria—Haliburton), Crouse, Haliburton, McLean, Scott (Hamilton—Wentworth), Gauthier (Ottawa—Vanier), Prud'homme, Roy (Laval), Stollery, MacLellan, Lefebvre, Turner, Murphy and Peters a Committee to assist His Honour the Speaker in the direction of the Restaurant of Parliament so far as the interests of the House of Commons are concerned, and to act on behalf of this House as members of a Joint Committee of both Houses on the Restaurant.

Attest

C. B. Koester  
The Clerk of the House of Commons

Ordered, that the message do lie on the Table.

### DOCUMENTS TABLED

#### Senator Flynn tabled:

Report of the International Development Research Centre, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 22 of the International Development Research Centre Act, Chapter 21 (1st Supplement), R.S.C., 1970.

Report on Supplementary Estimates (B), 1978-79.

Supplementary Estimates (A) for the fiscal year ending March 31, 1980.

Estimates for the fiscal year ending March 31, 1980.

Copies of amendments to the Immigration Regulations, 1978, pursuant to section 115(3) of the Immigration Act, 1976, Chapter 52, Statutes of Canada, 1976-77.

Report on Proceedings under the Canada Labour Code Part V (Industrial Relations) for the fiscal year ended March 31, 1979, pursuant to section 170 of the said Code, Chapter L-1, R.S.C., 1970.

Report on proceedings under the Canada Labour Code, Part III (Labour Standards), for the fiscal year ended March 31, 1979, pursuant to section 75 of the said Code, Chapter L-1, R.S.C., 1970.

Report of the Canadian Broadcasting Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 47 of the Broadcasting Act, Chapter B-11, and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Public Service Commission on Positions or Persons excluded from the operation of the Public Service Employment Act for the year ended December 31, 1978, pursuant to section 45 of the said Act, Chapter P-32, R.S.C., 1970.

Report on operations under the Regional Development Incentives Act for the month of July, 1979, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.



Report of the Special Committee on the Review of Personnel Management and the Merit Principle in the Public Service (Chairman, Guy R. D'Avignon), dated September 30, 1979.

Report of the Task Force on Petro-Canada (Chairman, Donald J. McDougall), dated October 15, 1979.

Report of Crown Assets Disposal Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 14 of the Surplus Crown Assets Act, Chapter S-20 and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Capital Budget of the Crown Assets Disposal Corporation for the financial year ending March 31, 1980, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-1252, dated April 11, 1979, approving same.

Report of Canadian Arsenals Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Report of the Minister of Supply and Services relating to gold coins for the period ended June 30, 1979, pursuant to section 4.2(2) of the Currency and Exchange Act, as amended by Chapter 35, Statutes of Canada, 1977-78.

Capital Budget of the Royal Canadian Mint for the year ending December 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-779, dated March 15, 1979, approving same.

Report of operations under the Foreign Investment Review Act, for the fiscal year ended March 31, 1979, pursuant to section 30 of the said Act, Chapter 46, Statutes of Canada, 1973-74.

Despite his own strong personal misgivings, a proposed oil tanker route off the British Columbia coast has some merit to it.

● (2015)

I wonder if the Leader of the Government could provide some of the reasons why that statement was made by his colleague. At the same time, perhaps the Leader of the Government might share with us the information which has led to the conclusion that there is merit in shipping huge quantities of oil off the west coast of Canada.

**Senator Flynn:** I will certainly obtain a reply from the Honourable John Fraser.

**Senator Olson:** I have a supplementary question to put to the Leader of the Government. Because of the tremendous environmental and economic ramifications that flow from the fact that Foothills is withdrawing its application for an all-land route, can he advise this chamber whether or not the government had any advance warning of this?

**Senator Flynn:** I will also endeavour to obtain a reply for the honourable senator.

**Senator Olson:** May I ask a further supplementary question? Was the government not advised that Foothills was going to withdraw its application for an all-land route before the National Energy Board hearings commenced in Vancouver?

**Senator Flynn:** I don't know if the government was advised or not. I was not so advised.

**Senator Olson:** Honourable senators, I am really baffled. I understand that the Leader of the Government is a member of the so-called inner cabinet for economic policies. Are we to be told now that this very important economic and environmental matter is unknown to him?

**Senator Flynn:** Perhaps the honourable senator does not remember how cabinet worked in his days because it was a long time ago, but advice to the government does not necessarily reach every member of cabinet.

**Senator Perrault:** Does it reach anyone?

**Senator Flynn:** It certainly does eventually. Senator Perrault should know that. It is not such a long time ago that he was a member of the administration.

**Senator Olson:** I have one further supplementary question. If I am not going to get any further information I think it is futile to ask these questions, but did the government have consultations with the Government of the United States prior to the announcement being made of the so-called Northern Tier pipeline in the United States?

**Senator Flynn:** I do not know. I will inquire of my colleague, the Minister of Energy, Mines and Resources. He is probably the one who had consultations, if anyone did.

## QUESTION PERIOD

### ENERGY

#### TANKER TRANSPORTATION OF CRUDE OIL ON WEST COAST

**Senator Perrault:** May I direct a question to the Leader of the Government in the Senate and the Honourable the Minister of Justice? For some years the Minister of the Environment, the Honourable John Fraser, has been a fervent advocate of measures and initiatives to protect the environment. I would ask the Leader of the Government to provide information with respect to a statement, attributed to his colleague in an interview, which appears on the front page of the *Vancouver Sun*, dated October 12, 1979.

## THE ENVIRONMENT

## POLLUTION BY ACID RAIN

**Senator Steuart:** Honourable senators, I intended to direct my question to the minister responsible for economic development, and I am sorry that he is not here. I hope we have not exhausted him or pumped him dry after only two days of questions.

**Senator Flynn:** Certainly not you.

**Senator Steuart:** When he has recovered I hope to see him back in his place for the next Question Period.

I will direct my question to the Leader of the Government. This question flows from the national concern being expressed regarding the pollution threat known as acid rain, which has become an enormous worry for industrial plants in Canada and the United States.

Today in the other place the government indicated that it intended to deal with this problem in a comprehensive way and not on an industry-by-industry basis. My question is: Does this imply that the government will promote new industrial projects that might add to this pollution problem without regard for the possibility of an acid rain threat? Does the government intend to promote industrial development that will clearly pose a threat of acid rain?

**An Hon. Senator:** He doesn't know.

**Senator Flynn:** I think it was the former Minister of Agriculture—who was not very long in cabinet—who said that he doesn't know. He knows that many ministers did not know much in his time.

The question is directed to the Minister of the Environment, the Honourable John Fraser. I will obtain a reply from him.

● (2020)

**Senator Steuart:** A further supplementary. I do not know whether the minister in the last government set any kind of record in terms of not knowing, but if this keeps up you will no doubt be in the *Guinness Book of Records* along with him, or a little ahead of him.

My question should perhaps be directed as well to the Minister of State for Economic Development. I would like to draw his attention to the acid rain problem associated with the construction of a new hydro-electric plant on the Canadian-United States border in the town of Coronach in southern Saskatchewan. This problem has been known for some time and is of considerable concern on both sides of the border, especially to farmers in that immediate area of the province of Saskatchewan.

Despite the recent and rather surprising support for that plant offered by the Honourable Flora MacDonald, the Secretary of State for External Affairs, in a message to the International Joint Commission, will the government consider withholding further support for the Coronach plant until the environmental and other worries regarding its pollution potential have been satisfactorily resolved?

[Senator Flynn.]

**Senator Flynn:** I shall put that question to the Honourable John Fraser. I do not know that the problem of acid rain is worse because it is near the border, as opposed to elsewhere.

**Senator Steuart:** Well, I want to point out that, to my mind, this is dreadfully important in view of the fact that the Americans are putting about five times as much acid rain over eastern Canada as we are, and we cannot very well ask them to clean up their act and have our government apparently encouraging the same kind of thing in Saskatchewan on our side of the border.

**Senator Flynn:** Is it my honourable friend's position that this is a problem that has developed since May 22 last?

**Senator Steuart:** The plant is not in operation. It is a new plant, and the problem is that your government supports the development of this plant, and has indicated that support of the IJC. This is something new, and I would hope the Leader of the Government in the Senate would look into it and report to the Senate on how serious the minister concerned thinks the acid rain problem is.

**Senator Flynn:** I am quite sure the present minister is more serious than the previous one.

**Senator Perrault:** There has been a lot of fallout since May 22.

## YUKON TERRITORY

## GOVERNMENT POLICY ON RESPONSIBLE GOVERNMENT

**Senator Lucier:** Honourable senators, I have some questions for the Leader of the Government. My questions to the Leader of the Government last week concerning his government's policy on responsible government in the Yukon were not fully answered. If the people of the Yukon have a referendum and vote for provincial status, will agreement be required from the provinces before provincial status is granted?

I want it clearly understood that my question concerns agreement of the provinces, not consultation with them. Will the agreement of the ten provinces be required before provincial status is granted to the Yukon?

**Senator Flynn:** I shall endeavour to get a reply to that very important question. If my memory serves me correctly, there was no agreement required from the other provinces when Newfoundland joined Canada.

**Senator Lucier:** I agree, but when Newfoundland joined Canada, the Prime Minister of the day did not promise the premiers of the other provinces that they would be consulted, whereas Prime Minister Clark has done so in this instance. That is why I ask the question.

I have a further question that I would like to ask of the Leader of the Government. Since the Minister of Indian Affairs and Northern Development has already indicated to the Leader of the Government in the Yukon Legislative Assembly that he may call himself "Premier", what will be the status of the Yukon Legislative Assembly should the people of the Yukon vote against provincial status?



This was set out in the letter to Ione Christensen to which I referred last week, and was, in fact, one of the main factors bringing about her resignation.

We now have a man who has been told by this government that he can call himself "Premier". What happens in the event that the people vote against provincial status—which I think they will?

**Senator Flynn:** Without assuming your statement to be true, the mere fact that a minister has told someone that he may call himself "Premier" does not necessarily make it legal.

**Senator Perrault:** That is interesting.

**Senator Lucier:** That statement is contained in a letter that was sent by the minister to the Commissioner. On the first page of the letter the minister indicates that he will be discussing this problem with the Minister of Justice and the Minister of State for Federal-Provincial Relations.

**Senator Flynn:** I hope he does.

## FOREIGN AFFAIRS

### AID TO DOMINICA

[Translation]

**Senator Leblanc:** Honourable senators, my question should probably be addressed to the senator who is the minister responsible for CIDA or perhaps to the Leader of the Government in this house. I do not know who will be able to give me a reply, but in any case, I have received from the office of the Prime Minister a press release dated October 12 which says in the second paragraph, in English:

● (2025)

Canada will provide \$950,000 worth of food aid in the short term, in addition to a \$75,000 grant for Dominica through the League of Red Cross Societies.

But, in the language of Molière, the same paragraph reads as follows:

Dans l'immédiat, le Canada enverra à ce pays des secours alimentaires équivalent à \$950,000 et une subvention de 75 millions de dollars par l'intermédiaire de la Société de la Croix-Rouge.

In English it says \$75,000, and in French \$75 million. Is the government more generous in French than in English?

**Senator Asselin:** Well, I think the honourable senators noticed immediately the mistake in that release. All I know is that as the minister in charge of CIDA I authorized funds of \$150,000 through the Red Cross to help Dominica recover from the disaster and help its victims. I think I will also be shortly providing further help in view of the disastrous situation in that country.

[English]

## BANK ACT BANKRUPTCY ACT

### TIMING OF INTRODUCTION OF AMENDING LEGISLATION

**Senator Connolly:** Honourable senators, I would like to ask the Leader of the Government in the Senate if he has any information as to when the Bank Act might come before Parliament, and further if he has any information about the introduction of the Bankruptcy Act.

**Senator Flynn:** Honourable senators, in answer to Senator Connolly let me say that these two pieces of legislation will be introduced very shortly, and I hope that at least the Bankruptcy Act will be introduced in this house. At any rate, that has been my suggestion.

**Senator Connolly:** Will it be a matter of weeks?

**Senator Flynn:** I don't think so. Both bills are ready.

## NORTHWEST TERRITORIES YUKON TERRITORY

### ENERGY RESOURCES

**Senator Buckwold:** Honourable senators, I should like to ask Senator Flynn a question. If provincial status is given to the Yukon Territory, and particularly to the Northwest Territories, which seems to be favoured by the federal government, will it be the policy of the federal government to pass over to these new provinces complete control of all the energy resources in the Arctic and the Beaufort Sea?

**Senator Flynn:** I would suggest, honourable senators, that such policy will be announced in due course. Those territories have first to achieve the status the honourable senator is speaking about.

**Senator Buckwold:** I don't believe that that is a very satisfactory answer. I would like to have a denial.

**Senator Flynn:** It is not a satisfactory question.

**Senator Buckwold:** It is a legitimate question and one that concerns all of us. We have these great resources in the Arctic, and it would seem to me that again the government is weakening the whole federal position by preparing the way for passing these on to what could be new provinces.

**Senator Flynn:** Are you speaking of the areas without the Yukon Territory or all the Northwest Territories?

**Senator Buckwold:** The offshore energy resources plus the onshore resources.

**Senator Flynn:** I do not know of any offshore resources for the Yukon Territory.

**Senator Buckwold:** Well, I think there are lots.

● (2030)

## INDIAN ACT PROPOSED AMENDMENTS

**Senator Williams:** Honourable senators, I should like to ask a question of the Leader of the Government and the Minister

of Justice. The Speech from the Throne states that we will be asked to amend certain sections of the Indian Act.

This is my question: Will the Indian people be consulted on these amendments, or will they have any input with respect to them?

**Senator Flynn:** Oh, yes. There is no doubt that it is a policy of this government, and a change from that of the former government, to consult all those who have some interest in a given area.

**Some Hon. Senators:** Oh, oh.

**Senator Williams:** Can the leader tell me just what sections are to be amended?

**Senator Flynn:** That will be announced in due course.

## HEALTH AND WELFARE

### PROPOSED INCREASE IN MEDICARE CHARGES

**Senator Haidasz:** I should like to ask the Minister of Justice if he considers that the new charges and user fees proposed by several provincial governments are incompatible with the criteria of the Medical Care Act and the Hospital Insurance and Diagnostic Services Act as passed by the federal Parliament?

**Senator Flynn:** I will put that question to the Minister of National Health and Welfare and I will provide his reply to the honourable senator, who happens also to be an eminent physician himself.

**Senator Haidasz:** Thank you.

### ACCESSIBILITY OF MEDICAL SERVICES

**Senator Haidasz:** When the leader is asking Mr. Crombie for an answer to my first question, would he also ask him, unless he is able to answer it himself today, the following question: In view of the increasing number of physicians leaving Canada, others trying extra billing, and many others opting out of provincial medicare insurance plans, what does the government propose to do to relieve the hardship of many sick people who now find medical services inaccessible?

**Senator Flynn:** I will also inquire about that very important question, senator.

## NEW BRUNSWICK

### PROPOSED PROVINCIAL STATUS FOR ACADIANS

[Translation]

**Senator Marchand:** Honourable senators, if the Yukon and the Northwest Territories are given provincial status, could the same principles apply to Acadians in New Brunswick?

[Senator Williams.]

**Senator Flynn:** This is, of course, a new assumption which I have read about in the newspapers recently, and I must say that the question is even more hypothetical than that asked by Senator Lucier. In view of this, you will certainly allow me to defer my answer until some time in the future when this problem becomes more current.

[English]

## AIR CANADA

### ADVERTISING

**Senator Marshall:** I wonder if I could ask the Leader of the Government in the Senate a question having to do with what I consider misleading advertising by Air Canada?

**An Hon. Senator:** At least!

**An Hon. Senator:** Finally!

**Senator Flynn:** It's about time!

**Senator Marshall:** In this morning's *Ottawa Journal* there is a big ad by Air Canada, "Choose Your Place in Florida's Sun." According to the ad, the fare to Tampa is \$149 and the fare to Miami is \$159.

In the *Montreal Gazette* the same ad appears, and the fare to Tampa is \$149 but the fare to Miami is \$160. Apparently the people in Montreal have to pay \$1 more.

I wonder if we could get the Minister of Transport to investigate this? Is Air Canada that hard up that it needs an extra dollar from the people who read the *Montreal Gazette* as compared to the people who read the *Ottawa Journal*, or are they simply confused, slap-happy or just misleading the Canadian people in their advertising.

**Senator Flynn:** I will certainly inquire, and I will draw the attention of the Minister of Consumer and Corporate Affairs to this very big problem.

● (2035)

## VISIT OF PRESIDENT OF THE UNITED STATES

### AGENDA—CANADA-UNITED STATES AGREEMENT ON AUTOMOTIVE PRODUCTS

**Senator Bosa:** Honourable senators, I should like to address a question to the Leader of the Government. In view of the staggering deficit forecast for the automotive industry during the current year, is it the intention of the government to raise the matter of the Canada-United States agreement with President Carter when he visits Ottawa on November 9?

**Senator Flynn:** I do not know what is on the agenda for that visit, but I will inquire and ascertain whether that particular topic is there.

## ENERGY

### SECURITY OF FUEL SUPPLIES

**Senator Perrault:** I have a question for the Leader of the Government, but first may I observe that it is regrettable that



his colleague, the minister responsible for the direction of economic affairs, is absent from the chamber this evening? The government may wish to consider the appointment of parliamentary secretaries in this house for those rare occasions, when ministers are not able to be present in the Senate.

For example, it would be helpful, because of the importance of the economic portfolio, to have some specific information on certain questions posed here this evening.

**Senator Choquette:** How many did you have in your cabinet?

**Senator Perrault:** Honourable senators, there have been continuing expressions of serious concern about the availability of fuel oil this winter in both the Atlantic provinces and eastern Canada. Is the Leader of the Government able to give an assurance to the Senate this evening that the government is aware of a possible fuel shortage this winter and that measures—extraordinary measures, if necessary—will be taken to ensure there is no interruption in the vital supply of fuel oil supplies for Canadians?

**Senator Flynn:** In reply to the question, and not to the previous comment, of the Leader of the Opposition, the Minister of Energy, Mines and Resources made a statement in the other place to which any honourable senator can refer. If the Leader of the Opposition wishes me to recite that statement, I will do so.

As to the appointment of parliamentary secretaries, when the Leader of the Opposition was the only member of the government in the Senate, we did not feel the need for a parliamentary secretary even when the honourable senator was absent.

**Senator Perrault:** May I suggest that the situation is somewhat unique in that there are now three members of the government in this house on the other side, and there may be a valid case for having the back-up support for ministers that I suggest. I repeat that the situation is somewhat different.

**Senator Flynn:** I suggest to the Leader of the Opposition that a parliamentary secretary would only be able to provide the Senate with the replies of the minister. The minister will be present tomorrow and will be able to give the same reply that a parliamentary secretary would give.

**Senator Perrault:** I understand that the colleague of the Leader of the Government is, in fact, in Ottawa this evening.

**Senator Flynn:** Yes.

**Senator Perrault:** It must be, I suggest, a rather pressing occasion to keep him from this chamber.

**Senator Flynn:** As pressing an occasion as those when the Leader of the Opposition was in Vancouver, organizing on behalf of his party, with the results that are well known to us all.

**Senator Perrault:** I did not organize anything on Senate time.

**Senator Flynn:** You never organized anything.

## PETRO-CANADA

### GOVERNMENT RESPONSE TO REPORT OF TASK FORCE

**Senator Frith:** Can the Leader of the Government give us any idea as to when the government will respond to the rather bizarre report of the Task Force on Petro-Canada?

**Senator Flynn:** The government will respond in due course. I am not the one to reply to that report. It is up to the government, particularly the Minister of Energy, Mines and Resources. I am quite sure that the honourable senator is studying the report very carefully and will not draw conclusions before he has had time to reflect on it.

**Senator Frith:** Some of the suggestions contained in the report are sufficiently amusing as to delay any final judgment. Do I understand that the answer can only be obtained from the Minister of Energy, Mines and Resources, and that the Leader of the Government cannot tell us when the government might respond to that report?

**Senator Flynn:** I am not in a position to give the exact date. It may take a few days. In the meantime, the honourable senator will continue to be amused.

## FOREIGN AFFAIRS

### SPEECHES OF MINISTER AT UNITED NATIONS AND EMPIRE CLUB, TORONTO, TABLED

**Senator Asselin** tabled:

Address by the Honourable Flora MacDonald, P.C., Secretary of State for External Affairs, delivered to the Thirty-fourth Regular Session of the United Nations General Assembly, September 25, 1979.

Speech by the Honourable Flora MacDonald, P.C., Secretary of State for External Affairs, delivered to the Empire Club, Toronto, Ontario, October 4, 1979.

[Translation]

He said: Honourable senators, recently, these last few days, I believe, Senator Bird asked for the tabling of the speeches delivered by the Honourable Miss MacDonald at the UN and the Empire Club. I have two copies of these speeches here, and, with your permission, I will table them for the sake of the members of this House.

She also asked for the documents concerning the final declaration by the non-aligned countries. As the Department of External Affairs has only one copy, we will have some photocopies made and table them later.

● (2040)

[English]

## SPEECH FROM THE THRONE

### MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, October 11, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Bielish, seconded by Senator Charbonneau, for an Address in reply thereto.



[Translation]

**Senator Lamontagne:** Honourable senators, first I wish to pay tribute to Their Excellencies who are already fulfilling their duties with so much dignity and energy.

This year, the list of senators to be congratulated is longer than ever. It includes, first of all, our new Speaker, who, I am convinced, will chair our proceedings with wisdom and patience. It includes also our two colleagues who did so well in opening this debate and our new ministerial trinity of which two members, including the government leader have been forced into entering the cabinet and the other who became a senator unwittingly. The list also includes all of our new colleagues.

I wish to congratulate more particularly the Conservative Party for having succeeded in retaining the services of Senator Tremblay, one of my colleagues at Laval University and once my neighbour from across the street on Forget Street in Quebec City.

And finally I shall add that we are now particularly privileged in the Senate since we have among us, sitting on the same bench, on one hand the brain of the Conservative Party, the Minister of State for Economic Development, the author of electoral promises and beside him, the party's conscience, Senator Murray, who makes sure that those promises are kept.

In my new role, as opposition member, my attitude will not change much because in the past I criticized on several occasions the former government when it was formed by my party. However, by assigning to three of our colleagues important ministerial responsibilities, the Prime Minister forces us, on the opposition side, to accentuate our role as critics because otherwise, three ministers would escape parliamentary control which obviously, would be contrary to our system and political traditions. I for one do not intend to shun my responsibilities as a critic but I intend to discharge them in a climate of friendship and dignity without ever resorting to personal attacks.

It seems that the new government since taking over has attempted to facilitate and somehow extend our job, as critics. Almost five months after the election, at a time when our economy is in deeper trouble, we still do not know the broad trends and the main elements of the economic and financial policies of this government. It is certainly not the opposition that has paralyzed the administration of the nation since the month of May. It is the government that put itself in trouble.

I think it was demagogical to make irresponsible promises *before* the election. It is ridiculous and against the public interest to want to keep them now, *after* the election. It seems that the ministers at the other end of the corridor are still looking for the list of promises made by their leader during the election campaign. Each time those ministers discover a new commitment made by the Prime Minister they do their best to find a way to escape them.

The Minister of Finance thought he had discovered the answer when he said that the Conservative Party had not been elected because of its promises and so he did not have to keep

them. But unfortunately for him, he was not yet aware of everything his leader had said before May 22. And so it was, for instance, that the former Leader of the Opposition declared before the election, probably on the advice of his conscience, Senator Murray, and I quote:

[English]

What is important is to demonstrate quickly that there is a government that is going to keep its word.

[Translation]

The Minister of Finance was therefore compelled to announce a well watered-down version of the promise made to homeowners although according to conservative polls, it only represented 2 per cent of total votes obtained by the new government. Then, the ministers looked for a new procedure which would enable them to break the promises made by their leader without rejecting them. The Conservative Party, while in opposition, had often denounced what it called the practice of the former government of resorting to outside consultants and creating what is commonly called task forces. It had firmly undertaken to stop doing that. Once in power, it did not matter very much if a single promise was broken especially if in doing so it would make it possible at least temporarily to forget the others.

[English]

Today, we are being task-forced to death. We have a task force on Jerusalem, on Petro-Canada, on the disunification of the armed services, on the movement of grain, on unemployment insurance, on medicare, on the future of the Foreign Investment Review Agency, and on trade relations in the Pacific Rim. My list is undoubtedly incomplete and does not include a new kind of task force set up by the Conservative caucus on external aid, for instance, and numerous so-called internal reviews. We even have now a privatization unit, supported by an outside advisory body. Almost everything now is under review. The government has gone to school.

The Prime Minister candidly stated on September 6: "I like creative suspense." This has become the substance of his leadership. We have a government in suspense or, more precisely, in suspended animation. This government says: Let us privatize; let us provincialize; let us consult with the private sector and the provinces; let us initiate internal reviews and set up outside task forces. According to his recently given interview to *Le Devoir*, the Minister of State for Economic Development spent most of his summer in provincial capitals, consulting on what ought to be the process of consultation that could lead eventually, but not before 1981, to a strategy for economic development. The Prime Minister is not content to meet premiers in their own baronnies; he goes to meet them at airports, as he did recently in Montreal. Yes, we have had suspended animation for more than four months. Now, we must ask: When will this government begin to govern in the interest of all Canadians?

● (2050)

The present state of the economy is a source of serious concern to all of us. I am particularly worried when I read the

economic thoughts of the Prime Minister. For instance, in an interview published in May in *Executive*, he said, "We can't afford to live with a current account deficit of that size and growth forever." And he added, "Now, the question you're going to ask me is what I would do, and I can't answer that today, because I don't know." The interviewer insisted, "Let's say we put (that question) back six or eight months." To that Mr. Clark replied, "I can't answer it even then." So much for the solution to the current account deficit.

On the subject of public finance the Prime Minister said, "... we are looking toward a balanced budget down the line—that's our goal—and we recognize that it cannot be accomplished simply by cutting government expenditures." The logical extension of that argument would have been to suggest an increase in taxes, but Mr. Clark reached exactly the opposite conclusion. He added, "... we've also got to cut taxes at the same time we're cutting expenditure." I fail to see how this approach can eliminate the budgetary deficit. I was even more puzzled by the Prime Minister's arithmetic when he later said, "I guess I don't believe that a buck is a buck."

However, I understood for the first time why he wanted to help the rich with his mortgage plan. He said, in the same interview, "You know, it is not the rich who own homes. That's a myth." I am really moved by this solicitude for the rich. It is high time that they receive a tax break so that they too, like the poor, can afford to own a home. However, we should not take the Prime Minister too seriously, especially when he does not have his economic "brain" with him.

It is also interesting to see how the Secretary of State for External Affairs, a former red Tory, has so quickly become a convert to this new philosophy of social justice, when she recently announced in Toronto that from now on Canada's external aid would be restricted to the richer countries because they can afford to buy more.

I should like now to refer to our current economic situation in a more serious vein. In a speech I made in this chamber on October 31 last year I outlined the long-term structural problems that threatened not only Canada, but all western industrialized countries. Today I intend, rather, to concentrate on the short term.

Last October I said:

I now believe that we have reached the high mark in the short-term economic cycle and that a new recession will start before the end of the first quarter of 1979.

What has happened since then? The rate of growth of real GNP in the first quarter of 1979 appeared to be rather good, but the main factor accounting for that result was an unusual and substantial rise in non-farm business inventories, which is always a sign of an imminent recession. Sure enough, GNP declined in volume by 0.7 per cent during the second quarter.

The Minister of Finance, to justify his lack of action to counteract this situation, claims that the Canadian economy is merely the victim of the American recession. I contend that the recession started in both countries at about the same time and for the same usual reasons. It is obvious that the drop in

exports to the United States has become a source of weakness of the Canadian economy. I would suggest, however, that insofar as the decline in the level of GNP is concerned, such a drop in exports was largely compensated, in the second quarter, by reduced imports, a clear indication of the internal weakness of the Canadian economy. Moreover, I submit that the Minister of Finance should read what Statistics Canada has to say about the performance of our economy during that quarter. Here are some excerpts:

Business non-farm inventory accumulation, business investment in machinery and equipment, and personal expenditure also moderated somewhat this quarter... Marginal growth in service-producing industries dependent on consumer or government demand also contributed to the weakness of Real Domestic Product.

Statistics Canada also refers to "the recent softening of consumer demand in Canada," to "the weakness of consumer demand," and to a drop in housing starts. All I want to show here is that we are not merely importing the recession from the United States, but that we are also generating it at home, and that the government has the very clear responsibility to cope with it before unemployment reaches unacceptable levels next winter.

● (2100)

The Minister of Finance, who was very talkative outside Parliament during the summer, painted a rather gloomy picture of the state of the Canadian economy, that would last at least until 1981, but he clearly indicated that, apart from the mortgage plan, which he obviously did not want, he would do nothing to improve current economic conditions. Gone was the electoral nightmare of a "stimulative budget." Gone were the income tax cuts of more than \$2 billion, as well as many other incentives and subsidies solemnly promised before the election. I suggest that Senator Murray, the guardian of the list of promises, should speak to the Minister of Finance before the Conservatives completely lose their credibility.

The Minister of State for Economic Development was less talkative, but in his speech in Vancouver on September 23 he referred to the gloomy forecasts published by his former employer, the Conference Board, and he added:

However, I would like to state emphatically here that this government does not view these forecasts as inevitable or, for that matter, acceptable. Indeed, perhaps our difficulty as a nation has been that we have focused too much on our problems, when we should be concentrating on Canada's potential.

The minister was obviously referring here to Conservative speeches that were made before the election. He concluded:

We can and we must achieve that potential.

The minister, who had developed the concept of the stimulative deficit, did not dare to refer to it on that occasion because he was probably afraid to be labelled as a socialist roader by his colleague the Minister of Finance. However, his call to achieve Canada's potential clearly indicates that he has not yet abandoned his Keynesian heresy. He repeated the same



gloomy forecast in a long interview published yesterday in the *Ottawa Citizen*.

On September 27 the Prime Minister spoke at the Conference Board Business Outlook Conference. He had obviously read what his "brain" had said in Vancouver. Mr. Clark stated:

[The board's] prediction of an extended period of slow growth or no growth can be a reality if we, as a government, and all of us, as a people, are prepared to accept that and prepare to let it happen. To that extent, the Conference Board is telling it as it is.

While the Prime Minister, like his Minister of State for Economic Development, found the board's gloomy forecast realistic, he did not view it as acceptable, and spoke of the necessity to achieve Canada's potential.

How did he intend to accomplish this goal? He put forward a program in six parts. First, the Minister of State for Economic Development would call a conference later this year to study Canada's economic objectives in the 1980s. This is not going to be very helpful next winter. Secondly, the government would reduce its expenditures. This is not very helpful either in the midst of a recession. Thirdly, it would put much more reliance on the private sector—but this is precisely where the recession originated. Fourthly, it would correct specific obstacles to better economic performance. Fifthly, it would introduce its mortgage plan—but this scheme, of course, would only have, at best, a very marginal impact on new residential construction. And, finally, the government would provide "an infrastructure of stable, surprise-free fiscal and monetary policies".

I agree that in certain respects this government is providing a surprise-free scenario. The Prime Minister and his Minister of State for Economic Development gave large excerpts of the Speech from the Throne two weeks before it was pronounced in this chamber by His Excellency. The Minister of Finance announced outside Parliament last summer the main tax measure that his budget speech will contain, whenever it is presented. As a result of the Prime Minister's statement last week, we will not be surprised in February when a new Governor of the Bank of Canada will take over. His name will be known in November or December. I submit, however, that in the meantime we will have a lame duck governor, and that this situation will increase the great uncertainty already existing on money markets.

It is quite clear from the six points formulated by the Prime Minister that this government has no fiscal policy to deal efficiently with what it admits is going to be an extended period of slow growth or no growth. Even its much advertised mortgage plan will be most unfair, very expensive and completely inadequate to assist depressed residential construction. We will have much more to say about this irresponsible plan when it is introduced.

In view of the most important events of last week, I feel obliged to refer also to monetary policy. It is not necessary to be a great economist to know that the main sources of current

inflation in Canada are the price of energy, the price of imported products, and the lack of competition in food retailing, which alone, according to a recent estimate, has driven basic food prices up as much as 4 per cent. It is not necessary, either, to have a Ph.D. in economics to understand that even the extremely dear money policy imposed by this government cannot have a significant impact on those sources of inflation, but that it can substantially slow down an already weak economy.

If current unprecedented rates of interest are bad for growth and cannot help curb rising prices, why is the government promoting such a policy? Simply because the Bank of Canada has to maintain a basic rate differential between Canada and the United States in order to protect the value of the Canadian dollar and to take care of the current account deficit that the Prime Minister does not know how to reduce. In this context, therefore, the Bank of Canada and the government have lost control over Canadian monetary policy, and they have become prisoners of United States policy. But the American monetary authorities are in the same position. They too have to protect the value of the American dollar. Against what? First, against countries with hard currencies, such as West Germany, Switzerland and Japan, having a direct interest in a depreciated American dollar that enables them to pay less for their imports—more particularly, oil. As a result, we now have a vicious interest rate war at the international level. Secondly, they have to protect the American dollar against the estimated trillion of stateless money flying in orbit around the world, outside the control of central banks. This is a most dangerous time-bomb that can explode at any time and plunge the world into a serious international crisis.

• (2110)

In the summer of 1978, William Miller, the former chairman of the Federal Reserve Board, now the Secretary of the Treasury in the United States, made the following astonishing statement:

The Eurodollar market is a deep concern to us because a very large amount of dollar-denominated money is out there over which the central bank has very little control. A lot of money is created in the international market outside the control of any central bank, and this is one of the greatest worries in this period of time.

In my speech in this chamber on October 31 last year I said:

I am convinced that the current monetary crisis is of such a nature that no country in the world, not even the United States, can go it alone.

I suggested then that this most important question be taken up as a matter of priority at the next economic summit of industrialized countries. Unfortunately, the Tokyo meeting was entirely devoted to a seminar on energy conservation.

So here we are, with the Americans having lost control over their monetary policy and committed to extremely high interest rates—not to fight inflation at home, but to protect the value of their dollar abroad. Unfortunately, we are in the same situation, for similar reasons, and we will continue to be in this



situation unless this government is prepared to precipitate a serious exchange crisis in the midst of a recession. A new Governor of the Bank of Canada will not be able to change that situation.

The President of the Treasury Board and his colleagues should have learned this elementary lesson of economics a long time ago when they were in opposition—which is not so long ago. They have had almost five months in office to learn that lesson; but their teacher, the Minister of State for Economic Development, was away visiting provincial capitals to identify what he now calls the industries of the future. I quite agree that we should devote more attention to the medium and long term, but the government should not ignore the great dangers immediately ahead. Such neglect can only be described as the Titanic approach to economic planning. While we see the iceberg ahead, we have a Conservative caucus up in arms against the Bank of Canada and a lame-duck governor. The Conservatives, like the Bourbons, have learned nothing and forgotten nothing since the Coyne affair. The Prime Minister may enjoy his so-called “creative suspense,” but I do not think that many Canadians will share his joy.

This government apparently puts great emphasis on consulting business, labour and voluntary organizations. But when it receives their advice, it ignores it. The government was told by voluntary groups interested in amateur sports to keep Loto Canada, but Loto Canada was disbanded. Labour unions warned the government to go slow on privatization and on cuts in the Public Service, but the President of the Treasury Board is proceeding, with a vengeance. The residential construction industry, lending institutions and others have claimed that the Conservative mortgage plan would not really help to improve housing starts, but last summer the Minister of Finance announced that the scheme would be implemented. The labour movement, numerous other groups, businessmen, including even the president of Imperial Oil, have all urged the government to keep Petro-Canada, but the Conservatives still insist that it be dismantled. Most Canadians, but more particularly the entire business community, have voiced their strong objection to the transfer of our embassy in Israel to Jerusalem, but the Prime Minister wants to enjoy his “creative suspense,” even if it means the loss of billions in sales abroad. In fact, I have never seen a government so anxious to seek a consensus, and yet so irrevocably committed to go against consensus when it exists. What is the purpose of consultation if the government has already decided to stick to its own bible?

We have seen in the last few months a federal government that is withering away, at a time when our country badly needs strong leadership. This government will not participate in the referendum campaign in Quebec.

● (2120)

**Senator Flynn:** Oh, come on!

**Senator Lamontagne:** It has put aside constitutional reform indefinitely, although a unanimous report of a joint committee of both houses, issued a year ago, saw this task as being most urgent. The Leader of the Government was a member of that committee and he signed the report.

**Senator Flynn:** I did not sign the report. You are misinterpreting it.

**Senator Lamontagne:** I can quote that report at any time.

**Senator Flynn:** It is not by changing the Senate that you will save Confederation.

**Senator Lamontagne:** That is not what the report said. The report said nothing about changing the Senate.

This government has no real fiscal policy. It has abandoned its promise of a stimulative deficit while, according to its own admission, the Canadian economy faces an extended period of slow or no growth. It is undermining the authority of the Bank of Canada at a time of great uncertainty on money markets. This government is busy implementing give-away programs in favour of the provinces and conducting auction sales to the private sector. Meanwhile, I repeat, Canadians are being task-forced to death. Surely that is not good enough. We want the suspense to stop. We want this government to govern.

**Senator Macquarrie:** Honourable senators, if I wished to be popular, as I once wished to be, I would immediately adjourn the debate and ask all honourable senators to join me in my temporary office for a drink of rum and coke and then we would talk over, in an informal way, the problems and affairs of this great nation. However, honourable senators, we are now under a new regimen.

It is not my fault that there was a fairly lengthy Question Period tonight, nor did I know the length of Senator Lamontagne's speech. When I mention the length of his speech, I am not suggesting that there was a single word in it not worth uttering. I admire him. I regard him as one of the leading people in our country in the field of science and technology, and for many years I thought that the government under the Liberal label paid too little attention to the deliberations of his committee. As much as lies in my power as a humble senator, I will ask the government to take more stock of the very serious considerations he put forward.

If I make a comment on the Question Period, it is not for a moment, honourable senators, to suggest that it was too long. Far from it. I think the Senate of Canada, in the few days I have been here, has discharged its duties properly and well in interrogating the government, as it should do, on matters of form, procedure, substance and politics. If I am keeping you up too late it is because I am told by the officers of my party that there are things that will take place tomorrow and that I should discharge my duty and make my utterances tonight.

Honourable senators, I want you to realize that I am making my maiden speech in this house. I want you to know that I crave the indulgence and sympathetic understanding that is usually tendered to the neophyte in any vocal assembly. Please overlook my falterings and my failings and be tolerant of any omissions.

I want to say to you that I am immensely honoured to be summoned to this illustrious and historic legislative chamber. Mingled with feelings of pride and honour are sentiments of deep humility. When one takes his place in this chamber, and reflects upon it and the chamber which physically preceded it

before the great fire of 1916, one realizes or should realize that one is in an institution which knew and heard some of the truly great personages of this Dominion.

Here, honourable senators, were expressed the penchant opinions of Cartwright—he said all we owed to Britain was Christian forgiveness—Aylesworth, Meighen, Dandurand, Crerar, Grattan O’Leary and many, many others. I was tempted to add Sir George Foster, one of the great orators of his time and professor of the University of New Brunswick, but he had a failing which prompted me to think I would not like to be a companion of his in this chamber, because he was not only a teetotaler but a prohibitionist. In my view, that was carrying good faith much too far, but he was an adornment of this great chamber.

I may say, honourable senators, that in another political incarnation, if as a Presbyterian I may use that expression, I have had an opportunity over 22 years to meet and know the vast majority of the members of this contemporary chamber. I have had a chance at first hand to know their ability, their dedication and their continuing contribution to their country, and I am happy to join their ranks in this most important national institution.

When I was appointed to this place—or summoned, which is the proper word—the CBC in Charlottetown asked, “Will you not be ill at ease in a chamber where there are so many Liberals?” I said I had grown accustomed to minority situations. No Progressive Conservative could feel otherwise if he lived very long. Then someone asked, noting my venerable and antique countenance, “How do you accept the designation of freshman senator?” As I said to Senator Hicks the other night, it has been so long since I have been called a freshman of anything, that I was delighted with the designation.

I do not claim any special qualities or qualifications for membership in this honoured chamber, although I did not argue very long with the Prime Minister when he called me, but I can say that for many years I spent long, long hours as a political scientist, as an academic—you know, those people who know the answers but not the questions—in studying this important chamber. I have reflected for years on the whole question of bicameralism. Why did so many countries for so long, at a time in their historic development, believe that two chambers were necessary for the full expression of their political ideas and ideals? Why did they think that two chambers were necessary, and why in the course of time, in the fluxion of the ages, did so many discard or emasculate that second chamber?

● (2130)

Many have withered; many have passed away. Why has this chamber, almost unique among the species, endured, and endured in the legal constitutional sense almost in its original form so far as its powers and prerogatives are concerned? That is a question which should challenge and interest not only any democrat but, more specifically, any student of the political process. This chamber is unique in the way in which its powers have been retained, almost in untrammelled form, down through the ages.

[Senator Macquarrie.]

One of the popular clichés, honourable senators, of the group from which I came, the political scientists, is that a second chamber derives only from a society of class, an aristocratic society. They point out that the Greeks did not have a second chamber, and you cannot get back to the mother of democracy through Greek political science.

I could argue, as some Anglicans argue, about saints on the head of a pin, whether Rome comes into this in its Republican days as to two chambers. But the interesting thing is that in Britain, which was an aristocracy, the Upper House has been diminished, been curtailed, been reduced, and here in equalitarian Canada, this chamber, this honourable chamber, remains, in form and in constitution, very much as it was when those wise men met in Charlottetown in 1864 and constructed a valuable governmental apparatus for our wonderful country.

If I may make a personal interjection—one should never do this—I am always upset by this stupid phrase “patriation of our Constitution.” If we have to use such a terrible expression, then it is “repatriation.” The British North America Act was not an English document; it was a Canadian document. Ninety-five per cent of it was composed in Charlottetown. It is our document. It represents the Canadian wisdom of Canadian politicians, and I ask the Honourable Mr. Jarvis to discard that ridiculous word. If it has to be anything, it must be “repatriation.”

This chamber has survived. I would not say that its survival is a miracle, but it is at least a highly significant fact in Canadian history. To be frank, honourable senators here much wiser than I—and there are one or two older, but very few older looking, than I—know very well that this chamber has not been sustained, in the words of Shakespeare, by the great love the general gender bore it—and I say that with great care in the presence of our Speaker, who is one of the great Shakespearean scholars of the world.

Beyond the recognition and the admission that this second chamber, structured as it was and is, was the *sine qua non* of Confederation, there has scarcely been a good word said or written about it other than by its own members. That is the sad truth, honourable senators, and we ignore that truth at our peril. Everyone is familiar with these jocular denigrations—“the rheums and gouts of the Senate” is an old expression; the doddering chamber, the chamber of sweet slumber. Whatever in the name of heaven sweet slumber is, I don’t know. They call it “a useless appendage.” I have not seen the word “appendix,” but perhaps it, too, was uttered. Much mirth has been caused by those who come up with these descriptions.

Nor has the great pastime ended. I read the current press. We are visited once in a while by the Fourth Estate now, and talk about “the slumbering Senate” was again raised last week—the slumbering Senate. I suppose that we have to be candid and be realistic. We must know that, in a free society, we must endure much of the semi-humorous from the demi-literate.

Nor has the Senate remained as it is for lack of effort to change it. Long, long before I was born—please believe me,



honourable senators—in the year 1893 there was held in Ottawa—not Winnipeg, but Ottawa—the First National Convention of the Liberal Party. It was not a leadership convention. Their leader was there, the great Wilfrid Laurier. They pronounced many policies and made many statements, and supreme among them in 1893 was immediate reform of the Senate. That was in 1893. Not much has happened since then, and I am not terribly contrite or terribly upset, nor should any historian be, that no great changes emanated therefrom. But in the years since 1893, as decade followed decade and we came up to my own time, which was a few years later than that, the call for Senate reform was heard in the land—heard, perhaps, but rarely heeded. It may be that this indicates that at any given time the wise citizens of this great Dominion rightly discerned that there were, in fact, at that given time, more compelling and more important issues facing them than the reform of this particular chamber, and I think Canadian citizens then and now made an accurate and precise judgment.

I am here as what is called a Red Tory. I do not know what it means. If it means I have compassion for those in our society who most need help from the government—Senator Muir is with me—then I am that; if it means I believe in the value of historic tradition and the honourable process through time and valuable institutions, I am that too. But a Red Tory in the Red Chamber is perhaps what I am.

I have never believed that if one sees in one's society an institution which functions with something less than 100 per cent perfection or efficiency, the immediate answer is to destroy that institution, to cast it aside, to discard it. It seems to me, honourable senators, that it would be far better to look upon that institution with care to see if within the framework there is not a better adjustment for the needs of the day and the exigencies of the hour. You do not scrap that which is useful; you try to make some adaptation.

I remember a very wise man, now the Premier of Prince Edward Island, who once said it is very, very good to be progressive, but he supposed that if one lived in Lapland the most progressive person would be the first lemming to go over the cliff. I think we have to watch that. I think the Canadian people, perhaps not in organized judgment but in very valuable judgment, have not been overly excited about such things as Senate reform.

I may be many things. If I am here with you, if God gives me health for the next 15 years, I may become a consistent advocate of certain things, but I am a greater believer in Edmund Burke. You do not discard the institution. You subject it to these great qualities and you end up with his judgment when he said that all government, all virtue, every positive act, is founded on compromise and virtue. In our day, honourable senators, we have a disregard for the word "compromise." We attach it, I am afraid, sometimes to a woman of easy virtue, and I am much too old to be interested in that, but I read these things—"she compromises herself." But the art of government, surely, is compromise, common sense and adjustment.

There are many shortcomings in the workings of this institution. I have read both *Hansards* for many, many years. I spoke a few minutes ago about being in a minority, and I am sure I am in a very small minority. Few people read the *Hansard* of the House of Commons, and fewer still the *Hansard* of this chamber. I have read it and I have noted the constant expressions of anxiety. There has been, since Confederation, a defensive pleading, a feeling of uncertainty.

● (2140)

I think Senator Muir will agree with me that some people say that we, the maritimers, have a sense of unrewarded virtue. And I believe that. But if you read the Senate *Hansard* for many, many years, you sense a feeling of not being appreciated. Thoughtful senators from time immemorial have said that this chamber is misunderstood; they have felt ignored, their speeches unread and unheeded. And I believe they were right. And in the realm of oratory, "Full many a flower was born to blush unseen" in this place, and that is no benefit to the country. But it is true. Senators have complained that governments, regardless of political stripe and regardless of who was in the governing party, have been inconsiderate, if not contemptuous of the legislative role of the upper house. But I think, because of an inclination in the other place, I have some understanding how and why these things happen. I am convinced that the generations of senators were right, and I believe that Senator McIlraith and Senator Argue and others will realize that that is the case. Some legislative items have been left far too late for this chamber, and this chamber has been asked to put the rubber stamp on legislation coming from the other chamber. The Senate has been underutilized, misunderstood and sometimes abused, and the Dominion of Canada would have been better served by a great utilization of this chamber.

I have, honourable senators, because of my academic discipline, studied many legislative and deliberative bodies, and I think that this chamber has many virtues. And I hope that it will not lose them. I cherish the appreciation that this body has for consensus. I think that that is the essence of the democratic process.

I belonged to another chamber some time ago—and I shall not say which one it was—but I recall being told, "You go in there and you vote against the presiding officer." How, in the name of God, can there be a party line in a procedural matter? Consensus is far more important. And I have checked the *Hansard* of this place and I found that you have few votes, and I think that is wise. There are so many issues that cannot be resolved simply by a yes or no, and I think I get some sense of what Senator Bosa was talking about recently that in our British parliamentary tradition we should provide some capacity for those who, having listened to all points of view, in an intellectual sense feel they should abstain.

There is another thing that pleases me, and it is that in this chamber there is not an overburdening of procedure. I have seen many deliberative bodies, be they town councils or school boards or what have you, who spend far more of their time wrangling over procedure than in accomplishing things. In this



complex and difficult life, honourable senators, it is hard enough to accomplish anything, to legislate anything, let alone to be overpowered and overwhelmed by citations on procedural matters, and I hope and I pray that as long as I am here—and if my Presbyterian God gives me the time I shall be here for 15 years—we will never be overburdened with great citations, or that we should deal with citations A, B, C, D and E and neglect the affairs of the nation. I see that Senator Argue agrees with me and I think he knows the experience I have had.

I admire that aspect of the Senate and I have said many times in other places and in public meetings that the Senate of Canada has produced the most efficient and valuable committees of inquiry and investigation of any deliberative body that I know. I want to say in the presence of our distinguished Speaker that a few years ago I went to the Commonwealth Caribbean on a visit, and I visited many ministers. I cannot remember a single one of them who in his bookcase did not have a copy of the report on Canada-Caribbean Commonwealth Relations, produced by the Standing Senate Committee on Foreign Affairs. And I am sure I was not all that important that they put it there just to impress me.

I see Senator Croll, a very distinguished man, and I commend all the research and the encouragement of Canadian participation that he has done. It brings great credit to him and to this chamber. And for those demi-literate, insensitive people, who pour scorn upon what they call this "slumbering place," I say they should pay a little attention to the magnificent items of research that it has prepared. I can mention Senator Argue in the field of agriculture, which, although I come from one of the richest agricultural areas in the Dominion, I do not pretend to be an expert, but I appreciate what he has done.

Now this chamber, as many times before, is in a tenuous situation. One cannot be sure what is going to happen. I said earlier that the Canadian public was never too upset about Senate reform, but I think we must be candid and accept that if it came into the minds of certain people that this body should be abolished, I do not think there would be great parades in the cities and towns of Canada advocating the saving of the Senate. I don't think we would be that popular. So we live in a tenuous era, in a precarious era, and I think it is our valuable function which will guarantee our continuity, and I believe that our continuity is of value to our country.

I was reading, these last few days, because as a freshman senator I wanted to be prepared in the presence of so many of greater experience than myself. I read what we call the father of political science, Professor Robert MacGregor Dawson, a great scholar, and a great Liberal, and I am not so bigoted as to suggest that the two terms are mutually exclusive. He is the father of Canadian political science. He wrote learnedly about the Senate of Canada and after analyzing all its problems, its weaknesses, its bruises and the assaults upon it he wrote, "But by far the most crippling blow since Confederation is the modern practice of keeping the number of senators in the cabinet low." Time was when Prime Ministers rose in this

place; time was when powerful ministers were in this chamber, and in Britain still some of the most eminent members of the cabinet are in the House of Lords. That is why I say, honourable senators, that I am happy to be here. I suppose I would be happy to be here at any time, but I am especially happy to be here when we have not one, not two, but three ministers. The honourable leader for so long has presided over a small and diminishing minority with grace, wisdom and understanding.

● (2150)

**Hon. Senators:** Hear, hear.

**Senator Macquarrie:** And now he may have what is even a more difficult situation, being in the majority party in the minority chamber. But I trust his wisdom, his graciousness and his judgment.

Senator Asselin, whom I knew at the United Nations many, many years ago, was regarded by delegations from all around the world as an enlightened, sensitive internationalist. I am so honoured that he is a great minister in the government.

**Hon. Senators:** Hear, hear.

**Senator Macquarrie:** And Senator de Cotret, learned in economics, is a massive intellect in that very, very complex field of economics. Long ago, honourable senators, I studied economics, the dismal science, and, God forgive me, I once taught it. I never really knew what it was all about.

But as I listen to—

**Senator Perrault:** The dismal science.

**Senator Macquarrie:** Dismal science is right, honourable senators. But as I listen to Senator de Cotret I learn every day from him and I am convinced, day after day, as I sit here in the back bench, that here is a minister who is forthcoming, who does not forward arrogance when he does not have the answer but deals honourably with this house and says, "We will find the answers".

If there are people in the press gallery who think that in this chamber there will be a kind of gladiatorial situation and that Senator de Cotret will be carried out on his shield in the Spartan sense, they are totally wrong. He is too wise and too sensitive, and the Senate is too wise and too sensitive.

I have listened with great care to the members opposite, most of whom I have known and honoured; they have asked questions, sharp, incisive, piercing, as they should.

**Hon. Senators:** Hear, hear.

**Senator Macquarrie:** They are discharging their duty.

**Hon. Senators:** Hear, hear.

**Senator Macquarrie:** If I am keeping you up too late tonight, it is because they are good at their duty. They are

asking questions as they should and they are making this chamber an important part of our legislative process.

**Senator Perrault:** Would you like to sit over on this side?

**Senator Macquarrie:** Some day I may be there, but not for a while. But I admire the processes and procedures that they are following.

I believe, honourable senators, that the press are wrong in suggesting that this will be a place of great confrontation. The press—God bless them! They have their virtues and their failings, but they really are not much interested in the parliamentary process beyond the Question Period. Confrontation is all they are interested in. They leave after the Question Period is over, but there is much that happens after that.

I think there will be an enrichment and an enhancement of this Upper Chamber because of the fact that we have three very able, very important ministers and we have a very seasoned, wise opposition. This will bring things into balance and will enhance the value of this house, which always should have been more valuable than it has been considered by those who do not know what it is about.

There are very serious situations in a Constitution like ours. We do not have, as the Americans have, the checks and balances situation. We have a situation in which there is a majority or a commanding group in the lower house, and while we say we are co-equal, and in many ways we are, in the essence of ministerial responsibility we are not. It is the group that must contain and retain the confidence of the lower house that counts.

There is a possibility for deadlock. That would be foolish. But, more important, there is the situation of what I call a valid and valuable tension between the two houses. That is good for this house. It is good for any government.

Down through the years this chamber has, on occasion, decided to thwart the view of the party which has had the confidence of the elected house. It has happened several times. It has that right. Constitutionally, this chamber is one of the most powerful upper chambers in the whole world. But I think that any objective historian would say that, when this house has thwarted the government, thwarted the party which is in control of the lower house, it has generally been wrong. There have been some occasions when that has not been the case. Robert Borden said in 1912, with some sense of relief, that the Senate did right in rejecting a bill which he had been forced to put forward as a matter of party politics.

But, generally speaking, and I think many learned senators here know exactly what I mean, generally speaking, the Senate has not been wise in making a sustained opposition to that party, that group which has the control in the lower house.

The Senate of Canada, unique among second chambers, has retained on paper, legally and constitutionally, its powers untrammelled. It is much more powerful than the House of Lords. It is much more powerful than the Seanad of Ireland. It is much more powerful than many, many chambers I could

mention. I believe it has retained these powers, honourable senators, because it has not pushed to the extreme the legal and constitutional powers which it has.

I hope he will not be embarrassed if I praise him, but the other day I heard the Leader of the Opposition, Senator Perrault, saying, "We will be strong and reasonable but not unfair." I think he senses that situation.

I cherish the values and virtues and roles and opportunities of this honourable Senate, and I think, as Senator Perrault and the people around have realized, sometimes in nations, in institutions and as individuals you show your strength most when you indicate the restraint of your strength. I look forward, honourable senators, to a very interesting time in this honourable chamber, when there will be careful survey, careful praise, and careful questioning of government policies. I am happy about the start that has been made.

The Throne Speech which we heard the other day is not the greatest. It is better and shorter than those I have heard for many years, but it is not all golden. There are questions, and honourable members opposite have raised questions and have given criticism, and often it is said in this modern age that these documents are all innocuous, but in that document, honourable senators, there is one aspect that thrilled me. At the age of 60 I should not be all that excited, but I was particularly thrilled to note that a government had taken the initiative in making Parliament more meaningful and indicating that there would be more freedom of information.

● (2200)

We are used to a situation whereby the government in power is pressed severely by duly elected parliamentarians to be more forthcoming and to give more power to parliamentary committees. Here we have a government, new in office, which has said that it will take the initiative to make Parliament more meaningful, to make committees more valuable; and in that process, although it is not spelled out carefully or precisely, I am sure that a role for the second chamber is included.

Honourable senators have been kind enough to listen to me. I rarely make a speech in which I do not refer to foreign affairs. The Leader of the Opposition referred to the situation in the Middle East. I respect his views and share his concern. In reference to the proposed transfer of the Canadian embassy from Tel-Aviv to Jerusalem, I should like to make two observations. The first is not meant unkindly. For over a decade I have spoken in legislative chambers and public meetings about the importance of our relationship with the 150 million Arabs for whom we should have nothing but friendship. Very few people then joined me in that concern, and I note that some are now much more vocal.

My second observation is that while foreign policy is sometimes a legitimate concern for partisan confrontation—and, indeed, Gladstone brought it into the Midlothian campaign many years ago—I believe that generally it is better not to make it a domestic area of confrontation. I wish, with reference to the SALT treaty, that there were not an upcoming American election. I say that sincerely, as I feel deeply about



the matter. I thank God that in this country we have a man of the wisdom, judgment, and the goodness—if I might use an old-fashioned word—of Robert Stanfield. I trust his judgment and await his verdict.

Finally—I am now at the fifth point in my sermon, honourable senators; I am sorry for having trespassed on your time—I am happy to be back on Parliament Hill in this illustrious chamber. I understand that I shall soon be shuffled off to the Victoria Building, and that the Metropolitan Life Insurance Building is now called the South Block.

Surely, honourable senators, we who have been so disrespectful, so neglectful, of our historic past, can find something more imaginative than the points of the compass to designate meaningful buildings around here? I should be going into the Sir John A. Macdonald Building, someone should be going into the Sir Robert Borden Building, and someone should be going into the Mackenzie King Building—and God forgive my Tory soul for mentioning that man, but he was a great politician.

When are we going to listen to that wonderful man, Joseph Howe, from Nova Scotia, who said long ago that:

A wise nation preserves its records, gathers up its muniments, decorates the tombs of its illustrious dead, repairs its great public structures, and fosters national pride and love of country, by perpetual reference to the sacrifices and glories of the past.

So I ask honourable senators to please help us get beyond the points of the compass with regard to our historic buildings. Important as they are, compass points are not historic and they are not good enough for Canada in this context.

On motion of Senator Bird, debate adjourned.

## RETIREMENT AGE POLICIES

### APPOINTMENT OF SPECIAL SENATE COMMITTEE

**Senator Croll**, pursuant to notice of Wednesday, October 10, 1979, moved:

That a special committee of the Senate be appointed to examine and report upon

- (a) the existing retirement age policies affecting workers in both the public and private sectors;
- (b) the social and economic implications of mandatory retirement based on age alone;
- (c) the feasibility of enabling workers, especially elderly citizens, to continue to make a worthwhile contribution to our society through flexible voluntary retirement plans to the extent of their ability and motivation;
- (d) the protection for those over sixty-five against age discrimination in all employment areas; and
- (e) the need for the maximum co-operation of all levels of government, labour unions, business and the public

in respect of existing and future retirement age policies and retirement plans;

That the Committee have power to engage the services of such technical, clerical and other personnel as may be necessary for the purpose of the inquiry;

That the papers and evidence received and taken on the subject in the Third and Fourth Sessions of the Thirtieth Parliament be referred to the Committee;

That the papers and submissions received on the subject and the work accomplished during the dissolution of Parliament, as authorized by the Intersessional Authority (appointed pursuant to a resolution of the Senate on the 29th day of March, 1972) be referred to the Committee; and

That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time, to print such papers and evidence from day to day as may be ordered by the Committee, to sit during adjournments of the Senate and to adjourn from place to place in Canada.

**The Hon. the Speaker:** Honourable senators, is it your pleasure to adopt the motion?

**Senator Croll:** Honourable senators, before the motion is adopted, may I point out that the motion contains two additional paragraphs to a motion that was adopted during the preceding Parliament. They are:

That the papers and evidence received and taken on the subject in the Third and Fourth Sessions of the Thirtieth Parliament be referred to the Committee;

That is a normal request. And:

That the papers and submissions received on the subject and the work accomplished during the dissolution of Parliament, as authorized by the Intersessional Authority (appointed pursuant to a resolution of the Senate of the 29th day of March, 1972) be referred to the Committee;

That paragraph is included to give the committee an opportunity to deal with matters that are before it. While I am on my feet, perhaps I may be allowed to provide a little information with regard to the committee. The committee is now on the home stretch. Its report is at the editing stage and the editor for the English edition is now studying the report to avoid excessive repetition, to ensure continuity, correct emphasis, clarification and orderliness.

It will then go to the translators, and from there to the French editor, who will follow a similar procedure to that of the English editor.

Printing of the report will follow. These household tasks cannot be avoided. The procedure will take a few months to complete, and there is nothing we can do to shorten it. All that the members of the committee can do is to keep their fingers crossed and hope that everything will go along smoothly, because we depend on many people. Everything seems to be in order. For those honourable senators who are anticipating the report, all I can say is that it will have the usual senatorial class.



**Senator Flynn:** May I ask the honourable senator if the committee needs the power to send for persons and papers and to travel from place to place in Canada, in view of the statement that the committee's proceedings are at the report stage? I would be satisfied if the honourable senator would assure us that the committee would not use this power without getting further authorization from the Senate.

• (2210)

**Senator Croll:** There is no intention to do anything except perhaps to travel to Toronto because somebody is going up there for some purpose. That is really not travelling—not for the committee.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

## THE SENATE

Wednesday, October 17, 1979

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

### CONSUMER AND CORPORATE AFFAIRS

PRESS CONFERENCE HELD BY MEMBER FOR BURNABY—  
QUESTION OF PRIVILEGE

**Senator Flynn:** Honourable senators, I rise on a question of privilege. I wish to make a statement in reply to a press conference held this morning by the honourable member for Burnaby, Mr. Robinson. He has recently made allegations concerning my colleague, the Minister of Transport. First I wish to emphasize that Mr. Mazankowski attended the meeting in question at my personal invitation. The discussion at this meeting concerned possible charges. It would be highly improper for me at this time to discuss them since no charges have yet been laid. It should be clear that my colleague, Mr. Lawrence, in his capacity as Minister of Consumer and Corporate Affairs, and Mr. Mazankowski, the Minister of Transport, attended that meeting again at my request. The subject matter of the discussion was the transport field, and for that reason I asked Mr. Mazankowski to be present.

I believe that I have, as Attorney General of Canada, every right, and, in some instances, a heavy duty to consult prior to coming to my decision as to whether charges are warranted.

There is no doubt that there are many precedents for this procedure. I believe it was entirely proper for me to have convened the meeting which I did last Friday. I want to make it clear that there was no impropriety on the part of anyone present, and I also wish to make it very clear that this decision to prosecute, which I will be making in due course, is mine and mine alone.

### CANADA-FRANCE TRADE AGREEMENT ACT, 1933 SUPPLEMENTARY CANADA-FRANCE TRADE AGREEMENT ACT, 1935

BILL TO REPEAL—FIRST READING

**Senator Flynn** presented Bill S-2, to repeal the Canada-France Trade Agreement Act, 1933 and the Supplementary Canada-France Trade Agreement Act, 1935.

Bill read first time.

**Senator Flynn** moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

### COASTAL FISHERIES PROTECTION ACT

BILL TO AMEND—FIRST READING

**Senator Flynn** presented Bill S-3, to amend the Coastal Fisheries Protection Act.

Bill read first time.

**Senator Flynn** moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

### INCOME TAX CONVENTIONS BILL

FIRST READING

**Senator Flynn** presented Bill S-4, to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia and Canada and Jamaica.

Bill read first time.

**Senator Flynn** moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

## QUESTION PERIOD

### INTERNATIONAL TRADE

LOSS OF SALE OF CANDU REACTOR TO ARGENTINA

**Senator de Cotret:** Honourable senators, last week I was asked to provide answers to a number of questions and to table certain documents. I should first like to respond to Senator Lamontagne's request of October 11 by tabling a copy of a brief sent by the Government of Argentina to the Government of Canada on the subject of the purchase of a Candu reactor. However, honourable senators, I should like you to note that this is an unofficial translation of the Argentinian text and I should like it to be treated as such.

### ENERGY

OIL PRICING POLICY

**Senator de Cotret:** In response to Senator McElman's request of October 11 for a transcript of an interview with the



Prime Minister, published in the *St. John, New Brunswick, Telegraph-Journal* of October 2, 1979, I should like to table that transcript for the benefit of honourable senators.

I should also like to clear up any misunderstanding we had in discussion last week by pointing specifically to page 3 of the *Telegraph-Journal* transcript. Honourable senators will remember that the question dealt with the impact of higher energy prices on the competitive position of Canadian industry.

In the interview the Prime Minister said:

—one of the constants that has to guide national policy is to maintain a competitive advantage for Canadian industry, as against United States industry.

I think that will clear up the record.

## CROWN CORPORATIONS

### ELDORADO CORPORATION

**Senator de Cotret:** Honourable senators, regarding Senator Argue's question, about the possible inclusion of provincial bids in the contemplated sale of crown corporations, as reported at pages 37 and 38 of *Hansard*, I agreed to check that with my colleague the President of the Treasury Board. I should like to reiterate the position I took then, which was while we are not looking for provincial bids in the privatization exercise, certainly if a provincial bid were to be submitted it would be given due consideration.

## THE ECONOMY

### CANADA MORTGAGE AND HOUSING CORPORATION—INTEREST RATES

**Senator de Cotret:** Honourable senators, in response to Senator Buckwold's question about CMHC, I have consulted with my colleagues Mr. Crosbie and Mr. MacKay and I have discussed the subject of CMHC offering subsidized rates.

I should like to report that at the moment no such action is contemplated.

## CROWN CORPORATIONS

### FUTURE OF CANADA DEVELOPMENT CORPORATION

**Senator de Cotret:** Honourable senators, in response to Senator Argue's question concerning the *Ottawa Journal* article of October 11 on a Conservative committee report about the Canada Development Corporation, I should like to state that the report referred to in the *Ottawa Journal* was done by a Conservative caucus committee, the Economy in Government Committee. This is an internal Conservative caucus committee that meets on an *ad hoc* basis and liaises confidentially with my colleague Sinclair Stevens, President of the Treasury Board and Chairman of the Cabinet Committee on Economy in Government.

● (1410)

## HEALTH AND WELFARE

### PROPOSED INCREASE IN MEDICARE CHARGES

**Senator Flynn:** Honourable senators, I have a reply to the questions asked last evening by Senator Haidasz. I should like to refer him to the response made by the Minister of National Health and Welfare to similar questions in the other place.

By way of elaboration, however, I would point out that the government has asked Mr. Justice Emmett Hall to undertake a full review of the implementation of Medicare. I stress that the principles of the Medicare program are not in jeopardy. The study will attempt to determine if methods of implementation are compatible with those principles.

The government is obviously committed to the provision of medical services, which do more than relieve the hardship of sick people, as referred to in the honourable senator's question. As a former member of the cabinet, the honourable senator is aware that while federal moneys are transferred to the provinces for health and other services through the Established Programs Financing Act, the ultimate provision of those services is the responsibility of the provinces. As indicated, Mr. Justice Hall will be reviewing that matter and others, and his report is expected in the spring of 1980, at which time, with full information in hand, the minister will take any appropriate action.

## ENERGY

### MOVEMENT OF OIL FROM ALASKA TO LOWER FORTY-EIGHT STATES—WITHDRAWAL OF APPLICATION BY FOOTHILLS PIPE LINES LTD.

**Senator Olson:** Honourable senators, I should like to direct a question to the Leader of the Government in the hope that he will be a little more forthcoming this afternoon than he was last evening. This question concerns the sudden changes of the Canadian position respecting an oil pipeline along the Northern Tier or through Canada.

Was the government consulted or advised by Foothills that they were going to withdraw their application for an all-land route from a point in Alaska into the existing system in Canada in favour of the Trans Mountain application, which requires tankers to come into the Juan de Fuca Strait.

**Senator Flynn:** As I stated yesterday, I was not informed of the decision of Foothills before it became known to the public generally. Foothills never indicated that they were in favour of the Trans Mountain line.

**Senator Olson:** Do I take it, then, that the government had no prior knowledge that Foothills was going to withdraw its application? I say that because Foothills says that there is some strategic advantage in what they have done. Some people are concerned about bringing tankers into those straits, and if that is good for Canada, we should like to know the government's rationale for reaching that decision.

**Senator de Cotret:** I should like to re-emphasize the answer given by my colleague, the Minister of Justice. The government was not aware, in any way, of Foothills pulling out at this stage, given the decision of the Americans. As a government, as you well know, we strongly encouraged and urged the United States government to adopt the Foothills proposal, both officially and in a memorandum of intent sent to the President of the United States recently, and also through unofficial discussions held throughout the summer by the Secretary of State for External Affairs, the Minister of the Environment, and the Minister of Energy, Mines and Resources. We were not aware that Foothills would pull out in the manner they did.

**Senator Olson:** A further supplementary. In view of the minister's statement that the government is in favour of the all-land route so as to avoid environmental problems, are overtures now being made to obtain from Foothills their reasons for withdrawing their proposal?

In view of the fact that this is an action which seems to be at cross purposes with what the minister says is government policy, I would ask that we be advised as to what Foothills response is?

**Senator de Cotret:** I shall certainly undertake to see that this house is informed, to the extent possible, of the reasons underlying the Foothills decision to withdraw. As honourable senators are well aware, this government was asked, as was the previous government, to indicate the preference of the Canadian government in terms of the movement of oil from Alaska to the United States. There is no question, both for environmental reasons and in terms of the significant economic benefits to Canada, that the Foothills proposal is, by far, the most attractive to this country.

**Senator Olson:** Hear, hear.

**Senator de Cotret:** For that reason we had no hesitation in pursuing the course that had been pursued by the previous government in recommending strongly to the United States government that we preferred the Foothills proposal.

#### AIDE-MÉMOIRE FROM CANADA TO THE UNITED STATES

**Senator Olson:** A final supplementary. Would it be possible to have tabled a copy of the aide-mémoire that went from the Canadian government to the United States government stating this preference?

There has been some information about, that an aide-mémoire went forward in late September stating the Canadian government's position in favour of the all-land proposal.

**Senator de Cotret:** I will look into that matter and, if at all possible, I shall table that document.

#### TANKER TRANSPORTATION OF CRUDE OIL ON WEST COAST

**Senator Perrault:** Honourable senators, yesterday I asked a question with respect to a statement attributed to the Honourable John Fraser, Minister of the Environment, in which he is quoted as having said, on the west coast, that there may be some merits involved in oil tanker shipments travelling the

[Senator Olson.]

west coast of Canada. The Leader of the Government undertook to provide information with respect to that alleged statement. Has he yet received any explanation from his colleague regarding that rather startling comment. If he does not have any information, will his colleague, the minister responsible for economic development, respond?

**Senator Flynn:** Honourable senators, I did not receive a reply from the Minister of the Environment. He may have said that the second proposal was preferable to an all-water route. I doubt that he would have said that it was preferable to the Foothills proposal.

[Translation]

### CROWN CORPORATIONS

#### DISPOSAL OF ASSETS

**Senator Marchand:** Honourable senators, my question is for the Minister of State for Economic Development. The statement he made earlier has me very worried and confused. On the one hand, he says the provinces will be able to bid on the purchase, for example, of profitable government operations like PetroCan or any other crown corporation. I imagine it will be the same principle in all cases. The idea behind it was to privatize that profitable part of PetroCan. So, a province with a savings account called, for example, "Heritage Fund", or any other name, could in that auctioning of crown corporations put its hand on a large number of them and increase the disparities between the regions and the provinces, thus creating a very serious problem for the country as a whole.

**Senator de Cotret:** I would like to point out to the honourable senator that the question I answered had been put in the context of the eight crown corporations that have been identified by the President of the Treasury Board as those that would be returned to the private sector. In that press release there was no mention at all of the case of Petro-Canada which was still being considered by a task force set up by the government. So I think my answer applies only in the context of the question that was put, namely the eight crown corporations that have been identified by the President of the Treasury Board. So the question at that time was: Are we going to turn down outright or as a matter of principle any expression of interest by one or several provinces in Canada in having an equity position in one of those crown corporations? My answer very clearly is that we would prefer to have them returned to the private sector but there is no objection in principle to considering a proposition coming from one of the provinces.

**Senator Marchand:** Would there be any objection to Alberta acquiring PetroCanada, for example?

**Senator Flynn:** No, that is not what he said.

**Senator de Cotret:** Once again, I answered the question in the context of the eight crown corporations that were identified by the President of the Treasury Board, and Petro-Canada was not one of them. The fate of Petro-Canada was considered by a study group which made its report last week, a report that was tabled in the House of Commons and will soon be brought



to the attention of the cabinet. A decision will be announced as soon as possible about Petro-Canada.

In the context of the eight crown corporations identified by the President of the Treasury Board, I said we would clearly prefer that those crown corporations be returned to the private sector but if a province expressed the wish to participate in the equity of those corporations, the interest of the province will be considered.

**Senator Marchand:** I will not talk about Petro-Canada because, according to the minister, Petro-Canada was not on the list to which he refers. However, that means that a province outside Quebec, for example, could control Canadair in Montreal or de Havilland in Toronto?

**Senator de Cotret:** To answer that question, once again, all I can add is that, as a matter of principle, we are not automatically excluding an expression of interest from a province. Whether we will then approve or accept it is another matter. But, as a matter of principle or policy in this matter, we are not automatically saying a province cannot express an interest.

● (1420)

[English]

## CONSUMER AND CORPORATE AFFAIRS

### POSSIBLE PROSECUTION OF WESTERN TRANSPORTATION ASSOCIATION

**Senator Frith:** Honourable senators, I have a question for the Minister of Justice. Can he tell us whether he proposes to recommend a prosecution under the Combines Investigation Act or under the Criminal Code in the Western Transportation Association case?

**Senator Flynn:** I thought the statement I made earlier about the press conference of Mr. Robinson would have answered that question. I have this problem under consideration, and, as I said, I shall reach a conclusion in due course. That will be my responsibility, and my responsibility alone.

**Senator Frith:** If I may put a supplementary question: The statement made by the Minister of Justice was, as I understand it and according to my note, that he has a duty to consult other ministers on this question?

**Senator Flynn:** Certainly I consider that I have a duty. I have a duty to inform myself of all the aspects of any problem about which I may have to authorize the laying of charges, and I will certainly consult with whomever I want to consult and I think I need to consult. I think in some cases it is my duty to do that, and I shall continue to do that.

**Senator Frith:** If I may put yet a further supplementary: With respect to that consultation, which I understand is the responsibility of the Minister of Justice, as to whether or not there is evidence of a criminal act leading to criminal prosecution, does he in this large area of consultation propose to include consultations with the accused or potential accused, or persons on their behalf and, in general, political considerations?

**Senator Flynn:** Well, I don't know what you mean by consultation with the person who would be the object of charges. I could ask that person to explain some parts of the evidence that has been gathered. I think that is only normal. But I have not done that in this case. I do not see why, if there are some grey areas in the evidence, I should not ask for an explanation ahead of time. When you speak of political considerations, it all depends on what you mean. Certainly no partisan political consideration will enter into my decision.

**Senator Frith:** Well, then, before I proceed with yet another supplementary, is there such a grey area in this case?

**Senator Flynn:** I have not reached a conclusion. I will tell you when I reach it. If I decide to lay charges, it will be because the area is not that grey.

**Senator Frith:** Did the Director of Investigation and Research make any recommendation to the minister, indicating any grey areas and recommending prosecution?

**Senator Flynn:** I could, of course, discuss with you or tell you all of my conversations with Mr. Bertrand, but I don't think it would be proper for me at this time, when no charges have been laid, to discuss these conversations or the questions that I may have put and the answers that I may have received. It would be highly improper, and I am sure that my friend, who is a distinguished lawyer, would understand that. At least I hope he does.

**Senator Frith:** I hope I do, distinguished or otherwise. Thank you.

The question is not one of asking the honourable minister to share all of his conversations with Mr. Bertrand. It is a simple question and it is based on his answer to a previous question, in which he said that, where there were grey areas, he would seek additional information.

**Senator Flynn:** I would seek additional information, yes.

**Senator Frith:** Yes, and I asked whether there were any such grey areas in this case.

**Senator Flynn:** There were grey areas in my mind, at least.

**Senator Olson:** Both inner and outer.

**Senator Frith:** Grey area instead of grey matter is not what you meant, I am sure.

I was asked for a definition of "political considerations" so that I could make the question more precise. By "political considerations" I meant any political considerations other than considerations of law and evidence.

**Senator Flynn:** Law and evidence? Well, I think political considerations may be something more than that, but law and evidence and the opportunity of laying charges sometimes depend on the circumstances. But I repeat that no partisan political consideration has entered my mind or will enter my mind when I reach a decision.

**Senator Frith:** I accept that. That leaves other political considerations that would not be partisan political considerations.

**Senator Flynn:** Yes.

**Senator Frith:** Do I understand that the Minister of Justice's conception of his duty under this particular legislation is not simply to consider the question of whether there is evidence presented to him by the commission or by the director and whether that would lead to an indication of a criminal offence, but that there are other considerations he would study—if not partisan political, then matters of policy, matters not related to his duty as the Minister of Justice—that he would consider the evidence and the law and recommend prosecution if there was sufficient evidence to indicate that there might be an offence?

Is there anything else that he has taken into account, that he intends to take into account, not generally but in this particular case?

**Senator Flynn:** I would say not at this time, but when I spoke of political considerations that were not of a partisan nature, I was thinking, for instance, of how sometimes it is not in the public interest to lay charges. That does not apply to the present case, but since the question was so general I must be careful. In some cases, for example, where there has only been a technical offence, I have seen, repeatedly, cases in which the Attorney General has decided that it would not be in the public interest to lay charges. That applies to a decision of the Attorney General of Ontario concerning someone in the other place.

**Senator Frith:** If the honourable minister is going to consult only when he thinks there is a technical offence, I take it that he thinks this is just a "technical" case or he would not be making these consultations with others. Is that right?

**Senator Flynn:** Anyway, I don't need the advice of my friend to tell me how I should behave as the Attorney General of Canada.

**Some Hon. Senators:** Hear, hear.

**Senator Flynn:** You can keep your counsel to yourself. I don't care.

• (1430)

**Senator Frith:** I am quite aware that the honourable the minister does not need my advice, but, in accordance with the rules of procedure in this chamber, he will get it whether or not he needs it or wants it. He is going to get it, and he will get it in the form of questions, which so far he has succeeded in dodging.

**Senator Flynn:** I have not dodged any questions. The honourable senator may give me whatever advice he wishes, but I will take it for what it is worth.

**Senator Frith:** Which is exactly what you will be paying for it. Do I understand that in this case the honourable the minister—

**Senator Walker:** Honourable senators, on a point of order, my learned friend, as usual, is completely out of order. However, because we like him, we have allowed him to ask his

[Senator Frith.]

questions. But enough is enough, and if in every case where he was dissatisfied he was able to come to this chamber to state—

**Senator Frith:** Don't make a speech. State the point of order.

**Senator Perrault:** It is not a point of order.

**Senator Walker:** If the former Leader of the Government will be good enough to be patient, my point of order is that it is impossible to discuss such current cases in the Senate, because otherwise we would be talking constantly about legal cases.

**Senator Frith:** Honourable senators, it is apparent that my learned friend, the Minister of Justice, does not need my legal advice, but apparently my learned friend, Senator Walker, has accepted a dock brief on his behalf. However, I believe that the honourable the minister is sufficiently distinguished as a lawyer to defend himself—although I shall be glad to take on both honourable gentlemen if that is the way they wish it to be.

My final supplementary to the Minister of Justice is as follows: Do I understand that in this case, for reasons that the minister thinks are sound, and on precedent—and I would like to hear what the precedent is that the minister feels is sound—he will be taking into consideration representations by ministers and other persons unrelated to the question of evidence in law?

**Senator Flynn:** Unrelated? I do not think I would agree with that. I cannot use any advice that is unrelated, as I cannot use the advice which the honourable senator has given me because, generally speaking, I consider it to be unrelated.

I have said that I shall reach my decision on the proper grounds—I repeat, on the proper grounds—and I do not need the advice of the honourable senator to do so.

[Translation]

**Senator Lamontagne:** The secure possession of the truth.

**Senator Flynn:** Of course, Senator Lamontagne is a disciple of the one who first spoke of his secure possession of the truth. But there is also the great self-conceit of my friend which looks very much like the secure possession of the truth.

[English]

## CROWN CORPORATIONS

### FINANCIAL STRUCTURE OF PETRO-CANADA

**Senator Manning:** Honourable senators, may I return to the matter of Petro-Canada? I should like to ask the Minister of State for Economic Development if he would provide the house with a statement showing the present status of the financial structure of Petro-Canada. I am particularly interested in the total amount of public money presently invested in Petro-Canada, either as equity or loans, and the total amount of other indebtedness or capital which Petro-Canada has obtained through prior financing.

**Senator de Cotret:** Obviously I do not have the figures at my fingertips, but I shall be happy to table the exact financial



position of Petro-Canada for the information of the honourable senator.

[Translation]

## LABOUR RELATIONS

### STRIKES IN THE PUBLIC SERVICE

**Senator Guay:** Honourable senators, my question is for the Minister of State for Economic Development, Senator de Cotret, and it concerns his address before the Chamber of Commerce yesterday in Montreal, and more particularly his press conference after this meeting.

First of all, I want to say that since we were not present, we will have to rely on what was reported in the newspapers, and that I would like to quote from *Le Devoir*, since this is how the matter was reported in the newspapers. First of all, according to *Le Devoir*, the honourable senator said the following:

The government also wants to improve the way in which strikes are settled in the public service.

Moreover, you added that a settlement by legislation is outdated, which means in my opinion that it is no longer the modern way. Then, in English —

[English]

According to the *Globe and Mail* you also said that the government will improve the way strikes are handled in the public service, but that you would not elaborate. My question today is that although you would not elaborate to the media, you might want to take us here into your confidence. You might possibly wish to elaborate for the members of the Senate, and tell us whether this is a new policy of your government.

I am sure this probably would leave the public service up in the air once again, because it is also the policy of your government to get rid of 60,000 public servants.

In view of these comments, would the honourable the minister explain to this house what he has in mind? Would he have compulsory arbitration in mind, or would he possibly take the right to strike away from the public service? He can rest assured that we are very interested in his comments.

**Senator de Cotret:** Honourable senators, I will be happy to try to expand somewhat on those comments, to the extent that I can at this point, prior to any legislation being introduced. I am sure that honourable senators opposite will share some of the concerns that I and my colleagues have had, and that, for that matter, many of the public service employee groups and unions have had, with regard to the system of resolving conflicts that we have had in place in this country for so long, and that so often leads to an impasse that is not in the public interest, nor in the interest of the employees or the employer.

Having identified that problem—and it is a problem that many governments have grappled with—I would like to say that it is our firm intention, in full consultation with those immediately concerned—and I can assure you that those consultations are ongoing at the moment—to introduce legislation to improve the process of conflict resolution with respect to labour disruptions in essential services. We will be doing

that, we hope, with the shortest possible delay, but once again, with full consultation.

**Senator Guay:** Have you already had consultations with the Public Service in this particular regard? Were they aware of what you were saying in Montreal yesterday?

**Senator de Cotret:** I am sure they were aware of the statement of principle that I made yesterday. It is a statement of principle that I made time and time again during the last election campaign. It was also the subject of serious discussion, while I was in opposition, with the Public Service Alliance. They consider that there is a problem in this area, too. We do not have the best mechanism for conflict resolution, and I think it is in the best interests of all concerned to strive for a better way of handling and resolving conflicts.

From that point of view, that basic statement of principle, that we would strive to improve the conflict resolution mechanism in essential services and in the public sector, was well known to them. I assure you that consultations are ongoing on that matter.

[Translation]

### DISPUTES IN ESSENTIAL SERVICES—POSSIBLE STUDY BY PARLIAMENTARY COMMITTEE

**Senator Marchand:** Honourable senators, I have a supplementary.

Does the honourable minister know of anywhere on this earth where there is a mechanism to settle conflicts in essential services other than a responsible attitude on the part of both parties as concerns the problems that must be solved?

**Senator de Cotret:** Honourable senators, it is obvious that if there were a very simple and useful mechanism that we could apply immediately, it would have been used long ago, I am sure. This is why the process will take some time.

There now is a process to settle conflicts, but it is certainly not ideal. However, as I am not a pessimist, I am convinced that it can be improved, and it was with this in mind that I made my comments yesterday. Moreover, we are now engaged in consultations for this purpose.

**Senator Marchand:** Honourable senators, I have another supplementary.

Since not only the federal government is involved in this matter, but also all the provincial governments, which have more or less the same problem, is the minister aware of any intention on the part of the government to have either a committee of the House of Commons or a joint committee of the Senate and the House of Commons review, in light of the experience of the last ten years, this whole problem which is of fundamental importance to the future of our democracy?

**Senator de Cotret:** Honourable senators, I shall certainly take this recommendation under consideration. I believe that we have not yet made any decision to form a special parliamentary committee to study this question. However, this is certainly an interesting and a very valid suggestion.

**Senator Marchand:** Honourable senators, there is also the D'Avignon report.

**Senator de Cotret:** Yes, there is the D'Avignon report.

**Senator Flynn:** It was tabled yesterday.

● (1440)

[English]

## EMPLOYMENT AND IMMIGRATION

### REFUGEES FROM INDOCHINA

**Senator Barrow:** Honourable senators, I should like to direct a question to the Minister of Employment and Immigration through the good offices of the Leader of the Government in the Senate. My question is this: What is government policy with respect to the so-called "boat people" from Vietnam or Indochina? Perhaps I might detail the kind of information I, and many others who are interested and who have been asked to help, would like to know:

1. Where in fact do these people come from?
2. Under what conditions are they being admitted to Canada?
3. Do they have to pay all or part of their passage or fare, and is it by air or by boat that they arrive?
4. Do they have to be sponsored by individuals or groups and, if so, how long does such sponsorship continue? Does it mean the payment of money or is there personal involvement required?
5. What facilities does the federal government provide for these people and their families to become assimilated into the community and to learn one or more of our two official languages?
6. Is there a commitment from the provincial governments? If so, which ones and what are the commitments with respect to finances, facilities and numbers by individual provinces?
7. What provision is made for medical and security checks with respect to these people?
8. Are the "boat people" covered by the Citizenship and Immigration Act with respect to becoming Canadian citizens with full rights and privileges to bring relatives into this country and, if so, what are those rights and, if not, wherein do they differ?

**Senator Flynn:** I will certainly obtain answers to those questions. However, may I suggest that this is the type of question that should be put on the order paper.

**Senator Lamontagne:** Senator Marshall is aware of that procedure.

**Senator Flynn:** I agree that if my observation applies to anyone on this side, it should apply to Senator Marshall.

## THE ECONOMY

### GOVERNMENT SPENDING POLICY

**Senator Everett:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce and Minister of State for Economic Development. In his previously men-

[Senator Marchand.]

tioned speech to the Chamber of Commerce in Montreal, he said that the cabinet had established a firm limit on the size of the federal budget, and that funds for new programs must come from the savings from existing ones. Given that for two years the previous government had firm limits on spending that were to be not more than the increase in the growth of the nominal GNP—and, indeed, those targets were met—and given the fact that the Treasury Board has for some time had two budgets, one budget being continuing programs and one being new programs and major departures from continuing programs, I fail to see—and I should like the minister to explain to this chamber—how the present policy varies from the policy of the previous government.

**Senator de Cotret:** Honourable senators, I shall try to give you a brief answer to that question, but I could certainly expound upon it at great length. This has to do with the whole approach to decision-making that the new government has taken in respect to the cabinet committee system; that is, cabinet committees that are both decisional and responsible financially.

In order to abbreviate my answer, let me speak in terms of the Economic Development Committee, for example. The committee is given an envelope which represents the total amount of funds the committee can spend in the coming fiscal year. That amount is fixed by inner cabinet. It is an amount that has built within it certain necessary reserves should any cost over-runs occur, and the total amount of that envelope must be respected. Therefore, within the envelope, one can bring about shifts from programs in one area to programs in another area, if it is so desired, to influence the course of economic development in this country—in the case of the Economic Development Committee. But it cannot increase its expenditures, or for that matter its tax expenditures, beyond the total limit set by inner cabinet for that particular envelope.

Since policy decisions are coupled with expenditure decisions, you have, in my view, a much better handle on where you are going in the area of government spending; for that matter, how you are spending taxpayers' dollars.

**Senator Everett:** This is a most interesting explanation, but it still leaves us with the problem that there is no change in the method of operation. In the last two years, under the previous administration, there was a spending limit, and if a particular department wanted more funds for a new program or for a major departure from an existing program, they had to get it from existing programs. I see no difference there, and I am merely asking the minister if he can point out a difference in the spending restraint aspect of the present policy.

**Senator de Cotret:** I think the spending aspect of the present policy regroups the departments that have a basic mission in the economic field and those that have a basic mission in the social field, and allows for transfers to be made within these committees as between certain existing priorities or existing programs and new priorities or new programs. This gives the decision-making process in cabinet a much different dimension than that which existed previously in that it ties the expendi-



ture decision with the policy decision in a much more direct manner.

**Senator Everett:** It seems to me that what you have are groups making the expenditure decisions instead of the departments under the control of the Treasury Board. Nevertheless, the restraint has not changed. Would the minister not agree that it is the same restraint process whether the group does it or whether the individual department under the overall restraint of the Treasury Board does it?

**Senator de Cotret:** In terms of the overall restraint, to the extent that the previous government could make a staunch commitment—and I underline the words “to the extent that the previous government”—to have expenditures grow by no more than X, and that we are making the commitment that expenditures will grow no more than Y, then, from a commitment point of view, there is no change. However, I firmly believe that given this new system whereby you tie expenditure decisions to policy decisions much more directly, and whereby you join and link the departments that have responsibility in a certain field such as social policy or economic policy, you improve, by a very wide margin, your possibility of effectively living within the limits that you set for yourself.

**Senator Everett:** We will get into the question of the committee system and how it operates at some future date, but I do thank the minister for his statement that the restraint program that is being operated, as outlined by him, is the same as the one outlined by the previous government in the last two years.

**Senator de Cotret:** I should like to make the point clear. If one government says, “We are going to restrict expenditures to a rate of growth of X per cent,” and another government says, “We are going to restrict growth of expenditures to a rate of Y per cent,” those two statements are equivalent. They are obviously the same type of statement. The question is: How can you posture a government to meet that commitment? What I am saying is that the system we now have in place, in my best evaluation, is one that makes it easier and more possible for the government to live up to its commitments than the system that was in place under the previous administration. The expenditures increased at a tremendously rapid rate over the last ten years and led to the kind of deficit position we have in the country today.

● (1450)

**Senator Everett:** Indeed, the methodology may be different, but the proof of the pudding is in the eating. Over the last two years the government did meet its targets. We will have to see whether your new system in fact does that.

## CROWN CORPORATIONS

### DISPOSAL OF ASSETS

**Senator Everett:** Honourable senators, I have a further question to the Minister of State for Economic Development. In a press conference after the speech to the Montreal Chamber of Commerce he is quoted as saying: “We’re now working

out the modalities of arranging the sales” of returns of the corporations to the private sector. He is reported as going on to say, in part:

A company like Canadair Limited of Montreal that . . . has been run like a private company is not easy to sell.

I am a little mystified, honourable senators, as to what would be easy to sell if it is not a company that has been run like a private company.

**Senator de Cotret:** With all due respect to the honourable senator, and with all due respect to the media, I think there are a few words that may be missing from my statement. I think what I was saying was that, even though a company like Canadair has been run like a commercial company, it is not easy to sell. The reason it is not easy to sell is this. If you look at the debt structure of Canadair you will find in that debt structure a very large number of loans that have been guaranteed by the Government of Canada. That is one example of one difficulty in the sale of Canadair. If you are going to turn over the equity of the corporation to the private sector, you have to address the question of what you do with the guaranteed long-term debt of the corporation. Are you going to leave the guarantees in place? Is the government, in other words, going to be fully responsible for the long-term debt, while the equity is being transferred from public hands to private hands? If not, how are you going to re-arrange the capital structure of the corporation? All I was saying was that, even though Canadair is a company that is run, by and large, as a commercial operation, which it is, there are still some very important issues that have to be dealt with in terms of the methods by which you privatize, and I wanted to put some stress on the difficulties of the exercise.

**Senator Lamontagne:** The debt aspect of the company could be part of the stimulative budget or deficit.

## HOUSING

### MORTGAGE INTEREST RATES

**Senator Buckwold:** Honourable senators, I should like to ask a question of the Minister of State for Economic Development. I am appreciative of his response to my question as to whether the government had plans for any substantial lowering of interest rates through Central Mortgage and Housing. I believe it is now called Canada Mortgage and Housing. Am I correct?

**Senator de Cotret:** That is correct.

**Senator Buckwold:** Has the government any such plans in order to assist those who are involved in buying houses? I was disappointed, as I am sure thousands of Canadians will be disappointed, to hear the response that there are no plans at the moment for such a reduction. My question is: What other plans or programs will be proposed to assist Canadians, especially lower income Canadians, who want to own their own homes but who are unable to do so now because of the historically high interest rates, and will therefore be precluded from doing so? I would hope there will be some other plans

that would assist them in other ways than interest rates in order to purchase their own homes.

**Senator de Cotret:** I am sure the honourable senator anticipates my answer to that question. Even when interest rates were somewhat lower, my party was very conscious of the difficulties facing many Canadians, and particularly young Canadians, who wanted to become home owners for the first time. It is very much in that spirit, of allowing Canadians to build a stake in their country, to become home owners, to be able to get into a market that is very expensive from many points of view, that we proposed a mortgage interest deductibility program to remove part of the burden of home ownership and allow more Canadians who want to own their own homes to have the opportunity to do so. As you know, we will proceed with that program.

**Senator Buckwold:** I have a supplementary question. You will be glad to know, Mr. Leader, that I am not going to make a speech.

**Senator Flynn:** Sometimes I like to hear you.

**Senator Asselin:** You are improving.

**Senator Buckwold:** Thank you. The time will come when we start talking about that. The fact is, if I can do one line of editorializing, although you are going to be giving with the right hand, I have a feeling that you will be taking much more with the left hand as a result of your interest policy.

My question now as a supplementary is this. With these high interest rates, I think we can anticipate a significant drop in the number of housing starts that will be undertaken in Canada in the near future. I think this will have very dangerous effects on employment and on the economy. Are there any plans to assist the housing industry to meet this crisis?

**Senator de Cotret:** I am sure that question is under active review by the interested departments, which will need to monitor and determine the exact impacts on the construction industry. However, I should like to point out to the honourable senator that the mortgage interest deductibility program does far more than just remove the recent increase in the mortgage interest rate. I would also like to point out that you cannot have it both ways. You cannot claim on the one hand that it is a tremendously expensive program and on the other hand that it will not do anything. If you look at a one per cent increase in the mortgage interest rates and at a program that is going to return, through mortgage interest deductibility, \$400 million a year to the hands of Canadian home owners, one per cent is equivalent to \$40 billion more of mortgage interest credits. Therefore, certainly it is going much further than offsetting the increase in rates. It is a very positive inducement to home ownership in this country, particularly as the program will be phased in over four years to 100 per cent.

## THE ECONOMY

### EFFECT OF INCREASE IN BANK RATE

**Senator Austin:** Honourable senators, I have a question for the Minister of State for Economic Development. In view of

[Senator Buckwold.]

the reports that are now being received, that foreign interest rates, meaning non-North American interest rates, are rising in order to offset the rise in the U.S. federal reserve rate, can the minister give us an assurance that the interest rates in Canada, which are already reaching levels that will stifle capital investment and consumer demand, will not rise to the point where we have an economic stall in this country; and further, will the minister assure us that the interest rates will not rise further than they have risen now?

**Senator de Cotret:** I can assure the honourable senator that the actions of the Governor of the Bank of Canada and the actions of the Minister of Finance in this respect are the best possible decisions in the current context for the well-being of the Canadian economy, and that further decisions will be taken with an eye to furthering our economic development in this country and assuring the best possible condition for Canadians in a very difficult international situation.

**Senator Austin:** With respect to the minister, that is nothing but a placebo, and I think he should be answering questions on their merits rather than assuring us that somebody has the confidence to take all these decisions for us.

**Senator de Cotret:** Given that your questions are hypothetical—what will happen in Europe, what will happen to the spread between the Eurodollar rates and the rates in New York, what will be the response of the federal reserve in the U.S., what should be the response in Canada—we could talk all day about hypothetical questions. Those events are being monitored on an hourly basis, if not a minute-by-minute basis, by the Bank of Canada. When particular developments happen I shall be more than happy to explain the decisions that we have taken.

**Senator Lamontagne:** That is the lame duck government.

**Senator Austin:** What the minister is saying is that the government does not have an interest rate policy. Is that correct?

**Senator Flynn:** Not at all.

**Senator Walker:** That is what you are saying, Senator Austin.

## ECONOMIC DEVELOPMENT

### EXPORT TRADE

**Senator Austin:** Honourable senators, I have an additional question for the Minister of State for Economic Development. I believe the minister will be aware that Canada's merchandise trade surplus for the first eight months of 1979 now stands at only \$857 million, and that has to be compared with a surplus of \$2.1 billion for the same period in 1978.

● (1500)

Is he also aware that recent announcements of reducing oil shipments to the U.S. will reduce even further Canada's cash flow from oil sales and will not be offset by an increase in the price of natural gas to the U.S. market?



Does he believe that Canada will have a positive merchandise trade surplus in 1979 and, if so, by how much?

**Senator de Cotret:** There is no question in my mind that our merchandise trade surplus in 1979 will not reach the level it reached in 1978, which, if my memory serves me well—and I stand to be corrected on this matter—was a record level.

The reason for that, of course, is that our major trading partner, the United States, is undergoing a fairly severe recession. We are feeling the consequences of that in our export markets, which are not growing at the pace they were growing in 1978 or, for that matter, in 1977. The Canadian economy, nonetheless, is expected in 1978 to be generally stronger than the economy of the United States. In our best estimates we will not, in a technical sense—

**Senator Lamontagne:** Not according to the Conference Board forecasts.

**Senator Roblin:** The opposition asked the question; you listen to the answer.

**Senator de Cotret:** At the Conference Board I used the objective forecasts and I still do, and I will endeavour to continue to do so as long as I am sitting in this chamber, and I will be happy to discuss them with you.

**Some Hon. Senators:** Hear, hear.

**Senator de Cotret:** Given that our rate of growth in Canada is likely to be stronger than that in the U.S., there is no question that our import growth will continue at a stronger pace, and as our export growth is going down, our merchandise trade will not be as great as it was last year. It is a source of concern. Nonetheless, to the extent that it comes from a stronger performance in Canada than the one in the U.S., I am not sure that we would like to correct that by seeing the Canadian economy any weaker than it is right now.

## INDUSTRY

### AUTOMOBILE MANUFACTURING

**Senator Bosa:** Honourable senators, my question is for the Minister of Industry, Trade and Commerce.

In view of the staggering deficits being forecast in the automotive sector during the current year and more particularly in the area of automotive parts, and in view of the fact that some non-United States automobile manufacturers have indicated an interest in purchasing parts from Canada, is the minister considering expanding the duty remission program that is presently in effect?

**Senator de Cotret:** I will have to answer that question generally, and I apologize for a general answer to that.

There is no question we are concerned about developments in auto trade. Some of those developments are purely cyclical. The U.S. auto market is very depressed, but the Canadian auto market is rather healthy. We have had a very large increase in imports versus a very poor performance in exports. There are structural problems with the move to smaller cars.

We are monitoring the situation very closely. We are looking at the implications of this new situation on the auto pact.

The question is under study, and I will be happy to report further, as this study progresses, in terms of the specific steps that we will be taking to ensure that we have a viable automotive sector in this country in the years to come.

**Senator Bosa:** I have a supplementary question. I was referring more to expanding the duty remission program that is presently in existence with third countries.

**Senator de Cotret:** I am not sure that I understand. I am sorry; I did not hear the question.

**Senator Bosa:** I was referring to reducing the current third country automotive parts duty remission program, not to the auto pact.

**Senator de Cotret:** That is part and parcel of the review we are giving the whole auto industry at the moment.

## YUKON TERRITORY

### ENERGY RESOURCES

**Senator Lucier:** Mr. Speaker, I have a question for the Leader of the Government in the Senate. Last night, in reply to a question by Senator Buckwold, Senator Flynn said:

I do not know of any offshore resources for the Yukon Territory.

**Senator Flynn:** I was wrong.

**Senator Lucier:** I hope he does not pass that information on to Dome Petroleum. They have been drilling there for some time, and they think they have some resources.

Honourable senators, I hope this question is not taken lightly. During the period when the minister was the Leader of the Opposition in the Senate, I invited him to visit the Yukon. In view of the serious implications of the letter sent by the minister, causing the Commissioner of the Yukon to resign and seriously upsetting a lot of people in the territory—and, honourable senators, this letter has serious implications not just for the people of the Yukon but for all the people in Canada—I would now ask the Leader of the Government to take up my invitation to come to the Yukon to show the people there that someone in this government is concerned about their feelings and their future.

**Senator Flynn:** I certainly would be glad to accept the invitation. In fact, I intended to visit the Yukon this summer with the Canada-United States Interparliamentary Group, but because of new duties I had to give that up.

In any event, I will be discussing this situation with my colleague Mr. Epp, and I will see what can be done to assess the effect of the letter you have read, and decide whether there should be a visit by either the Minister of Justice or other members of the government to the Yukon to investigate and try to correct the situation, if need be.

**Senator Lucier:** I have a supplementary, honourable senators. I am not trying to be facetious about this. It is a difficult

situation that I find myself in. As well as discussing it with Mr. Epp, or, in fact, instead of Mr. Epp, I would ask you to discuss it with Mr. Nielsen, because he is the one making all the policies that Mr. Epp is throwing out without really knowing what he is passing on.

**Senator Flynn:** I will take this observation into account.

## GRAIN

### STATUS OF GOVERNMENT ADVISORY GROUP

**Senator Steuart:** Honourable senators, I have a question directed to the Minister of Industry, Trade and Commerce. It has to do with the Grains Group.

As the minister is aware, I am sure, the Grains Group is a small advisory group, drawn from the Department of Agriculture, the Department of Industry, Trade and Commerce and the Department of Transport, to advise on the production, the sale and the movement of grain. With some exceptions, it draws its resources, or, at least, it did draw its resources, I understand, from the estimates of his department.

My first question has two parts. Is this group still active, and does it still report to various departments in the same manner as it did previous to the election? Since it has a mandate for two years, and in the past that mandate has been renewed every two years, when is the mandate up for renewal, and will it be renewed?

**Senator de Cotret:** To answer the first part of your question, I would be hard pressed to tell you if that group reports in the same way as it used to report. I have not met with that group. If it used to report directly to the Minister of the Department of Industry, Trade and Commerce, either it has not met or it has not had occasion to report to me since June 4. I should be happy to look into the exact reporting relationships of that group, and I will take notice in terms of the date of the expiry of the mandate of the group and whether it will be renewed.

I should be happy to respond to that question tomorrow.

**Senator Steuart:** Honourable senators, to say the least, I am a little surprised and somewhat shocked by the answer, since grain is one of the most important factors in our export sales, and certainly one of the most important factors in the earning of foreign exchange.

It is difficult to separate sales from delivery. In the past few years we have been able to grow and to sell more wheat, oats and barley than we have been able to deliver. Certainly, sales, whether to Russia or Poland, depend a great deal, and will continue to depend a great deal, on our ability to deliver. In view of that, I would suggest that the minister make himself fully familiar with both the delivery and export systems. He will then be in a position to present our case to prospective customers and assist in helping Canada maintain its position in the marketplace.

I shall now put my supplementary question. In light of the government's promise to increase exports by 20 per cent in its first year, I would ask the minister, when looking into this, to

[Senator Lucier.]

provide us with the export figures for the first two months of the current crop year.

• (1510)

**Senator de Cotret:** Certainly. I should like to underline for the senator the very urgent attention we gave this whole problem of moving grain to the market, and ensuring that we can meet our export commitments. As he knows, our rolling stock has been allowed to deteriorate to a frightening level. As he well knows we were not able to move the same amount of grain to market as our commitments required. We were falling behind, and that is why we announced earlier the acquisition of 2,000 hopper cars and why we also announced, on the part of the federal government, the renovation of 2,000 boxcars to help move grain to market. That is also why we announced the Prince Rupert terminal.

We have certainly taken action in that field. The Minister of Transport is very concerned about grain handling and is ensuring we move grain to market, as well as taking measures to increase the potential we have in that field. So, it is far from a topic that has escaped our attention. Quite the opposite, it is a topic that has been front and foremost on our agenda of action over the past few months. As I said, action has been taken in this field.

### TRANSPORTATION POLICY

**Senator Steuart:** A final supplementary—

**An Hon. Senator:** Where was Otto Lang?

**Senator Steuart:** Yes, I can tell you where Otto Lang was.

I wonder if the minister could tell me if he is aware that under the previous government we bought 8,000 hopper cars and that in the last crop year—not the one just past but the one previous to that—we moved over a billion bushels, which was about two-and-a-half times that ever moved under a Conservative government. Is the minister aware that over the last four months—you can laugh, but you better look up the facts, because you obviously don't know a bushel of wheat from anything else, and you don't know what has really happened.

**Senator Asselin:** Ask the question.

**Senator Steuart:** You had better determine that, because if you wish to improve the systems, you should know what occurred in the past, and you obviously do not.

My question is: Will the minister determine why, in the last four months, the movement of wheat has dropped off from the previous crop year and the crop year prior to that? I ask him to tell us that when he is boasting of how his government is doing.

**Senator de Cotret:** I shall be very happy to find out the facts, not only for the last four months but for the last four years and, for that matter, the last 40 years.

**Senator Steuart:** Then you will find out that you are totally wrong.

**Senator Flynn:** Don't make a speech. Keep your strength.



**Senator de Cotret:** I am aware of the efforts that have been made in the past to move grain to market. All I am suggesting is that, given the present environment in which we live, given our present productive capacity and the present market conditions abroad, we were not in a position to move as much grain to market as we would have liked. We have taken action to correct that situation, and we shall continue to take action to correct that situation.

**Senator Steuart:** May I ask the minister how much grain we moved last year, and how much grain we moved the year before? Does he know that?

**Senator de Cotret:** I shall be happy to provide the specific numbers at the next sitting of the Senate.

**Senator Flynn:** You provide them in your next speech.

**Senator Molgat:** Honourable senators, I am gratified to learn the concern and urgency the minister attaches to the whole matter of grain transportation. I am sure that he is aware that in January of this year, at the request of the Manitoba government, there was a conference held in Winnipeg dealing with all elements of grain transportation. The federal Minister of Agriculture attended, as did the premiers of the western provinces.

The Minister of Agriculture for Manitoba, at the beginning of October, requested a further meeting. He addressed a communication to the Minister of Transport, the Honourable Mr. Mazankowski, but after a week he still has not received a reply. Could the minister indicate whether a reply has now gone out, and if so, when the meeting will be called?

**Senator de Cotret:** Honourable senators, I shall be happy to ask my colleague, the Honourable Donald Mazankowski, the status of that request. I have no idea as to what happened to it, but I shall ask him about it.

**Senator Molgat:** Given the impassioned statements made by the minister a few moments ago regarding his great concern for the grains trade and grains transportation, and the fact that his own area of responsibility is tied in to this, I am surprised that he is not aware as to whether or not a response to this request from a provincial government went forward. Apart from the question of petroleum, this is probably the most vital element in the economy of western Canada.

Is it not the policy of this government—

**Senator de Cotret:** Honourable senators, I should like to make a point for clarification. I was asked whether I was aware of a letter sent by a minister of the Manitoba government to my colleague, the Minister of Transport, and what happened to that specific letter and the request contained therein. My response was that I would be happy to check with my colleague as to the disposition of this matter—whether he has received the letter, and, if so, whether he answered it. I fail to see from that answer how it can be inferred that I am either uninterested in the problem or that we are not co-operating and consulting actively with the provinces.

On the contrary, I have just completed a tour of most of the provinces of Canada. Meetings were held with several federal

cabinet ministers and their provincial counterparts to discuss the problems that were of particular interest to them. I can tell you now that Mr. Mazankowski was on the trip to the west and we discussed many issues, such as energy, transportation, and grain transportation and handling with the western provinces. We are keeping in close contact with the provinces.

The fact that I cannot answer the honourable senator specifically regarding this one letter will, I hope, be excused. I will get an answer tomorrow to the question. I certainly cannot be aware of all the correspondence that is being handled by all departments of government.

**Senator Molgat:** Honourable senators, the question is not really whether the minister is aware of the specific letter, but whether he is aware of the request of the Manitoba government that the meeting be reconvened?

**Senator de Cotret:** The answer is no, but I shall be very happy to check that out with my colleague, the Minister of Transport.

**Senator Asselin:** You will learn.

**Senator Molgat:** He has given me the perfect answer. This is the new federal-provincial co-operation.

## ENERGY

### SECURITY OF FUEL SUPPLIES

**Senator Haidasz:** Honourable senators, I would like to ask the Minister of Industry, Trade and Commerce whether he would give this chamber today any information about the extent of any surplus of domestic heating oil and gasoline fuel, and whether it is adequate to meet this winter's needs; if not, what specific contingency measures are in place to ensure Canadians a warm winter at affordable prices in their homes during the coming months?

**Senator de Cotret:** I will take notice of that question and refer it to the Minister of Energy, and give a specific answer in terms of the reserves tomorrow.

**Senator Smith (Colchester):** It would be a good thing to encourage the honourable senators opposite to keep on talking.

• (1520)

## SPEECH FROM THE THRONE

### MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Bielish, seconded by Senator Charbonneau, for an Address in reply thereto.

**Senator Bird:** Honourable senators, as I listened to the Speech from the Throne I was reminded of the fable written by Phaedrus, a citizen of Rome in the eighth century. He wrote:

A mountain was in labour, sending forth dreadful groans, and there was in the region the highest expectations. After all, it brought forth a mouse.

For most Canadians, the Speech was a disappointment after those groans from Jasper during the summer—all those generalities, pious hopes, and the great news of government by committee instead of by this new “upstairs/downstairs” cabinet. I admit that throne speeches are usually pretty mousy. Anyway, we could hardly expect this government to produce a lion. In any case, we will have to reserve judgment until we see the legislation—and I presume that there will be legislation.

There was, however, one item in the Speech that raised my hopes, that being the promise of amendment to the Indian Act. For years now, many Indian women have been asking to be given the same rights as Indian men when they marry non-Indians. I find it indecent that this violation of human rights should continue to be ignored. I hope that the government will act, and act quickly, but I have a suspicion that it will take a long, long time for legislation to be introduced.

[Translation]

In the past, many great things have been promised in various Speeches from the Throne, and nothing ever happened.

An amendment to the Indian Act should consolidate our international position as well as suppress an injustice in this country.

In her recent speech before the United Nations, the Secretary of State for External Affairs failed to mention this flagrant violation of human rights in Canada.

[English]

Later, in an interview broadcast in Canada, she did mention that Canada is not Simon Pure when it comes to respecting human rights in respect to sex, one of the subjects she highlighted in her address to the United Nations. All of the delegates to the United Nations have, of course, heard the complaints of Indian women in Canada. The minister's justifiable condemnation of countries which violate human rights might have carried more weight had the Indian Act been amended before that speech. We are now in the embarrassing position of having other nations being able to say: “Thou hypocrite! First cast out the beam from thine own eye: and then shalt thou see clearly to cast out the mote out of thy brother's eye.”

I have great respect for the Secretary of State for External Affairs. She has integrity and she is sincere and compassionate. I was, therefore, surprised and concerned about a recent speech she made in Toronto in which she indicated that Canada expects gratitude in return for aid to developing countries. I am left wondering if she has neglected to listen to her experienced advisers within the Department of External Affairs. I wonder if, in her eagerness to make a fresh impact and to create a new image of Canada, she spoke before having weighed the consequences of her remarks.

This government's addiction to speaking before thinking has already tarnished our image and, as an inevitable result, our influence on other countries. In four short months this govern-

ment has alienated the Arab world, embarrassed Israel, lost an important export to Argentina, and precipitated a confrontation with Pakistan—not exactly an enviable record of diplomatic achievement. I am beginning to think that the minister's efforts to change our image from Mr. Nice Guy to Mr. Tough Guy may only make us look like Mr. Stupid Guy.

To expect gratitude or subservience in return for foreign aid is preposterous, unprofessional, out of date, and just plain stupid. It is revolting to find Canada posing publicly as a lady bountiful who expects the deserving poor to give her a curtsy—a charity bob—or to kiss the hem of her garment in gratitude for the aid it gives. International aid should not be discussed in terms of charity or superiority or subordination. It should be a matter of collaboration between nations. People in the developing countries are proud, and we should understand that pride.

Canada is a rich country. We have one of the highest standards of living in the world. We have a moral obligation to help those nations which are the victims of poverty, disease, famine, illiteracy and war. We have the technical and scientific know-how that can help them to take their rightful place in the sun, and we have been trying to do that. Last year, the Canadian International Development Agency had a budget of \$1.2 billion, of which \$1.4 million was committed to technical assistance. That amounts to four-tenths of one per cent of our gross national product. The United Nations recommends seven-tenths of one per cent of GNP as the desirable goal if we are determined to fulfil our purpose. Only four countries—Norway, Sweden, Denmark, and The Netherlands—have reached that goal, and none of these is as rich a country as Canada.

About 65 per cent of CIDA contributions are “tied,” which means that they go to developing nations in the form of Canadian products such as fertilizers, machinery, electronic equipment, railway engines, building materials, and food—mostly grains. This helps Canadian producers and industrialists, of course, as well as the developing nations.

The Secretary of State for External Affairs has suggested, I understand, that more of our aid may be “tied” in the future. If this is done, there is the danger that the advantages derived from aid may be upset by undue dependency as well as distortion in trade. If a country can buy the equipment and food it needs at much lower prices from another country, it should be allowed to do so in order to hasten its development—which is, after all, the purpose of CIDA.

Technical and scientific aid is one of Canada's most important contributions to the Third World. CIDA has sent many technicians, as well as engineers, agriculturalists, business managers, legal advisers and physicians—a long list of people—to train people in the developing countries, and by and large they have done a good job. Our universities have been educating students from the Third World who have then gone home to pass on the expertise and knowledge they have acquired in this country.

We have much to give, and we should keep on giving, for the need is great. We would be wise to increase, rather than



reduce, our efforts, not only because of a moral obligation but also for the sake of our own ultimate survival. I say that in all seriousness.

Today, no nation is an island. Wendell Wilkie's *One World* and MacLuhan's *Global Village* are not catch phrases describing a condition in the remote future. They describe the here and now. The explosive development of communications technology—satellites, television, transistor radios, airplanes—has contracted the world and provided all of us with instant information. The poverty that plagues the Third World is now, right here in our own backyard. We know about their poverty and they know about our wealth.

Honourable senators, this is not a matter of party politics. Canada has usually managed to achieve a bipartisan foreign policy in regard to the United Nations and its agencies, such as UNICEF, UNESCO and WHO. The majority of parliamentarians—and, I am sure, the public—recognize the need to support the Canadian International Development Agency.

The new Minister of State for CIDA, the Honourable Senator Asselin, is a man of experience. He has been around. He has visited the developing countries and knows their problems at first hand. He has long been in the Senate where we provide the second thought that so often rectifies the ill-considered first thought that comes to us from the other place.

He has already made a good beginning in his new role, and I congratulate him on that. At the Conference on Science and Technology in Vienna last August he undertook to supply additional funds for technical aid to the Third World. He set as a target figure about one per cent of official development assistance, which is approximately \$12 million. I hope he will be able to stay with that undertaking. I hope, too, that he will use all of his experience and wisdom to persuade the Secretary of State for External Affairs, as well as the committee examining CIDA's programs and structure, not to reduce the appropriations for CIDA, or to insist upon further "tying" of contributions.

Just this week, Canada has pledged over \$1 million in assistance to Dominica. The recent hurricane turned most of the little houses on that island into piles of wood, destroyed crops and polluted the water supply. There was great loss of life. Canada will now provide insecticides, fertilizers and tools. We will also help to rebuild roads washed out by heavy rain, and we will help to revitalize the coconut industry.

● (1530)

I congratulate the minister on providing this emergency aid, even if it took such a long time to spring into action. It is the sort of thing we should be doing. We have a special historical relationship with the Caribbean so it is only proper that our sympathy with the anguish of Dominica should take a positive form.

I am quite aware that the government has serious financial problems, that cuts in spending are necessary for this government, just as they were for the previous government. But, surely, cuts indiscriminately right across the board would show a poor sense of values. There must be priorities. The welfare of

others is one of the central values of our society. We must support that concern not only here at home but abroad, because we are all interdependent.

The Commonwealth Secretary-General, Shridath Ramphal, has put it more dramatically than I can, and he certainly speaks with greater authority. At the Commonwealth Universities Conference in Jamaica this spring he said the following:

Perhaps it is this insight of the world as a community of people needing each other for survival, and having a common interest in the quality of the human condition world-wide that will, more than any other single factor, determine the fate of the dialogue between North and South, between rich and poor. But it will determine much more than that: for international cooperation and development, or, as I prefer to see them, conjoined, international cooperation for development, is not a thing apart. It is not, as we once conceived it, a little bit of goodness measured in aid, like alms on Sunday; it has to do with the structure of human relationships in all its facets.

Honourable senators, I have worked briefly for CIDA in Jamaica and in Barbados. During those periods I acquired respect for the intelligence and ability of the women and men I worked with. I admired their courage and patience, their determination to build a better society in defiance of terrible economic pressures and a tragic history.

I learned a great deal from the opportunity of working with people in a different culture, as so many other Canadians sent abroad by CIDA have done. I have formed great empathy for them. Their essential humanity reached out to my own.

One of the most important things I learned is this. The Four Horsemen do not respect national boundaries. They are now riding across Asia and Africa and South America and through the islands of the Caribbean, and they ride fast. If we do not use our wealth and technical know-how to stop them, soon they will ride from south to north. Having failed to help others to stop them, we will be unable to help ourselves.

**Senator Asselin:** Honourable senators, I want at the outset to congratulate Senator Bird on the fine speech she has just made, and I want to make some preliminary observations. Later during my speech I may come back to the subject of foreign aid.

[Translation]

Honourable senators, although I have been sitting in this assembly for many years, it is for me today a new experience to be back before you as a member of the federal cabinet. It gives, I think, a new dimension to the activities and the debates of our upper house. The fact that three of us were appointed to high offices is not only an honour for the Senate as a whole but also a unique opportunity for all of us to have more influence on government decisions and policies. I know that the sum of experience and knowledge to be found in this house is an important asset for our government.

First of all, I should like to congratulate the mover of the Address in reply to the Speech from the Throne, the new

senator from Alberta. Senator Bielish fulfilled her role with great dignity. I want to thank her sincerely.

I should also like to tell Senator Charbonneau how I appreciated the manner in which he supported the motion for an Address in reply to the Speech from the Throne. Senator Charbonneau, as already mentioned, has been working behind the scenes for our party for a very long time. I am pleased to hear today that the Senate can benefit from his experience as a businessman in support of our efforts in this house.

[English]

I congratulate His Honour the Speaker upon his appointment. His long experience in this chamber, his knowledge of its rules and procedures and his fairness will, I am sure, serve us all very well.

**Hon. Senators:** Hear, hear.

**Senator Asselin:** But what about the former Leader of the Government, now the Leader of the Opposition?

**Senator Perrault:** The loyal opposition.

**Senator Asselin:** To the Leader of the loyal official opposition also I extend my congratulations on the way in which he has discharged his duties up to now. I wish him a long life in his new capacity, and I am sure he will serve Canada in a much better way as Leader of the Opposition than as Leader of the Government in the Senate.

• (1540)

[Translation]

Honourable senators, on May 22 last, a giant earthquake seemed to decimate the ranks of our friends opposite, that is our colleagues of the Liberal Party.

They could not conceive that the Liberal Party could lose power. It would appear that they had cultivated the idea that only the Liberal Party had received from the powers above the mission of leading the destinies of this country.

No wonder therefore that this defeat so disturbed our colleagues that they started to ask question after question during the period set aside for this purpose. However, we congratulate them on having bounced back so soon and on performing their duty as they are now doing.

No wonder either that a party which has governed the country for so long and now finds itself in the opposition should begin to indulge in self-criticism and to ask itself questions about the new political direction it will have to take in the years to come. Of course, the meeting in Winnipeg last weekend clearly proves that it is now their turn to have internal problems and to try to promote themselves nationally as a party seeking a new political direction.

**Senator Haidasz:** We do not have any problems.

**Senator Asselin:** I hope not. However, from what we have read in the newspapers and from what we hear from our friends on your side, I have the impression that your problems are only starting. It is your turn to have some. We had problems for a long time and they are now completely solved

[Senator Asselin.]

because we have a stable leadership. We have a government willing to work in the interests of the whole country.

Honourable senators, we are here to defend the action taken by the government. We are here to ask you to pass the pieces of legislation it will introduce. We are here to give you information. We are here to agree to—and this will be something new in our Parliament—to agree perhaps to reasonable amendments from time to time, amendments which would serve the interests of the people.

No wonder either that you do not agree with the new orientations that we want to give to Canadian politics.

You must not be shocked about possible changes in our parliamentary structures. Moreover, you must not be shocked if we give a new direction to the economy of our country, because last May 22, Canadians voted for a change. No wonder therefore that you do not agree with the profound changes that this new government wants to make in this country.

In any case, you have before you the government representatives. You have before you three ministers who can convey to you the message of the government. A new group of senators have come to increase our ranks and to support us. By the way, I want to congratulate my friend, Senator Macquarrie, on the excellent speech he made here last evening.

However, the most fortunate of all the senators—and I am sorry that he is not here now—is Senator Lamontagne. Senator Lamontagne, who has made a long study of economics and who was the great Senate expert on economic affairs, who served as chairman of the great committee on science and technology, Senator Lamontagne is now being retrained in the field of economics thanks to the presence of Senator de Cotret. Indeed, I have never met anybody as lucky and who is also an economist. Thanks to Senator de Cotret's presence, he gets a free class everyday in modern economics.

What a pity that Senator Lamontagne is not here.

[English]

**Senator Steuart:** It took two swipes to get him here.

**Senator Asselin:** Yes, but would you tell him to come in?

**Senator Steuart:** We'll see.

[Translation]

**Senator Asselin:** Yesterday Senator Lamontagne made quite a long speech. In the past he used to be quiet in this place. As he now sits on the opposition side, I suppose he found a new role for himself. Yesterday he spoke at length and strongly attacked the government: you should have done this, you should have done that. The economic situation is appalling. The Canadian dollar is down to 85 cents. Inflation is running at 8 per cent. And there is so much unemployment.

If the economic theories of Senator Lamontagne are as brilliant as he thinks they are, why did he not teach his knowledge to the previous government which has pushed the Canadian economy in the terrible and difficult situation where it is now?



But when Senator Lamontagne accuses this Conservative government of failing to take such and such decision, I say he is not sincere. A government which has been in office for only five months cannot rectify all mistakes accumulated during 16 years by the previous regime.

Honourable senators, I say that Senator Lamontagne—of course we are quite prepared to take his advice, any practical advice which Senator Lamontagne might want to give us, advice we could use, advice which could improve our economy—but I say that he was not serious when he blamed the Conservative government for failing to take such and such decision after we have been in office only five months.

Honourable senators, when the Leader of the Opposition made his long speech—I congratulate him, it was a good speech but he will learn quickly to speak as Leader of the Opposition and I hope he will make constructive criticisms—he asked many questions of the government. He said simply: why did the government take so much time to convene Parliament? Why did it take almost four months to call us when the economic situation is so disastrous?

• (1550)

Honourable senators should know that when we have been away from power for 16 years, new ministers must get acquainted with the new business. And the 61 new government members of the House of Commons must get used to Parliament life, move into new offices, get acquainted with new staff and services. And the new cabinet must also develop measures and programs to correct the catastrophic results of the previous administration which, in the decade from 1968 to 1979, not only established a climate of confrontation and distrust in the nation but also sent our gross national debt skyrocketing from \$32.9 billion to \$80 billion, while the average unemployment rate soared from 4.3 per cent to 8.4 per cent and the \$688 million budget deficit shot up to more than \$10 billion.

Admittedly we wanted to act in a planned way rather than resort to expedients. We wanted to take lasting approaches capable of putting the economy back on its rails, of re-establishing confidence and co-operation in the nation. This is why we waited a few months before reconvening Parliament.

The honourable senator also showed the Senate a long list of election promises made by the Conservative Party during the campaign.

Of course, he said: "You made 46 election promises, are you going to live up to them?". I would state before this house that all political parties make election promises. The Liberal Party is no exception, and I will come back to this later. All political parties make election promises. If they are elected thanks to those promises and realize later that some of their promises do not serve the interests of Canadians, they have a duty not to fulfil them. God knows that the former government acted in that way. When in 1974 we campaigned on wage and price controls, Prime Minister Trudeau and his government won the election on that one promise that if they regained power, never would they follow that approach proposed by the Conservatives. What happened next?

**Senator Perrault:** Circumstances changed.

**Senator Asselin:** So circumstances changed. The same thing applies in our case. If circumstances change, we have a right to change views. Only fools never change views. What happened after the 1974 election? That same government that had been elected because they had promised the people not to implement the proposal put forward by the Conservative Party, wage and price controls, made an about-face and forgot their promise to the people. They simply implemented the system we had proposed during the 1974 campaign. And this only goes to prove what I said earlier that if a political party, after making election promises gets elected and realizes that certain promises do not serve the interest of the people, it has a duty not to implement them. I see no weakness in a government that would act that way. When my honourable friend who just left indicated we have a list of 46 election promises, I asked my staff to look up the Liberal Party's program during the last election. Do you know how many election promises your party made during that campaign? Exactly 122 promises! I have them before me in this document—122 promises—there is not one day—

**Senator Haidasz:** Use the future tense—

[English]

**Senator Asselin:** Does the honourable senator wish me to table the document? I might do so.

**Senator Haidasz:** Forget about it.

**Senator Asselin:** I will not forget about it. The honourable senator wants me to forget about it. I shall not do so.

[Translation]

Every day, during the last election campaign, ministers were promising millions and millions of dollars. On April 29 in Toronto, the Prime Minister promised \$25 million. In Halifax, on the 31st, Mr. MacEachen promised \$100 million. Mr. Jamieson promised \$1 million on the 30th. In Montreal, Mr. Whelan announced \$2 million in subsidies for farmers. This went on throughout the election campaign. I did not add up those amounts because the total would be extremely high. When the Leader of the Official Opposition tells us: "You have been elected on election promises", why does he not mention the Liberal promises? Would the Liberal Party have had to keep all its election promises had it been returned to power? Let us be serious. Let nobody tell the government: "You must keep all your promises, because you have been elected on May 22 last on a certain political platform." I say it is irresponsible to accuse a government of being weak if it realizes that some promises are no longer in the public interest and decides not to keep them. It will be up to the electorate to judge us at the next election on our merits and our actions.

Honourable senators, I think that we have presented a good Speech from the Throne. It was not long. Here again, we have departed from tradition. We did not attempt to make a long speech of an hour and a half or two hours, or maybe more, as it happened before when I was in the other place. In 1956, the Governor General spoke for two hours. All the pieces of legislation that the government intended to introduce during

the session were detailed. We chose to be brief. I believe that it gave a good idea of the intentions of this government. We referred to individual rights, to the legislation on freedom of information. We mentioned changes designed to increase the power of Parliament and also to strengthen the authority of committees and increase their resources. Mention was made also of the appointment of a permanent Speaker; of the creation of special committees to look into the needs of the handicapped and the disabled; of the ways in which non-profitable organizations could play a greater role. In the future, at the other place, five- or six-member *ad hoc* committees will work more expeditiously and report more quickly to the House of Commons on the results of their work, and on their recommendations. We have also spoken of federal-provincial relations. I shall come back to that in detail further on in my speech. You have noticed the new attitude of the central government. That new attitude, which the Speech from the Throne made obvious, is one of cooperation, of collaboration with the provinces.

Honourable senators, when the Prime Minister spoke in the other place to the Speech from the Throne, he said this, and I quote:

Our restraint program is intended to free resources to the private sector to encourage investment, to encourage business expansion and to encourage job creation, which we believe is the best way to generate the revenues which in turn will help us balance the budget of Canada. We intend to reduce the burden of government on the economy and offer practical incentives to individual Canadians to build a stake in our country.

That is the philosophy of the Conservative Party, the philosophy that will guide the Conservative government in coming years. In other words, therefore, we will give more responsibility to private enterprise, and we will see to it that the state does not stick its nose in every aspect of the Canadian economy. We want to put a stop to the socialization of our enterprises, something the former government had been in the process of doing for several years.

● (1600)

[English]

Honourable senators, I now want to come back to the subject of foreign aid, which has been brought before the house this afternoon by my dear colleague, Senator Bird.

In forming his first cabinet, the Prime Minister decided to correct something which, unfortunately, was only too true in the past. The Secretary of State for External Affairs was often, because of the pressures of that position, unable to devote enough time to the operation of the Canadian International Development Agency. By an order in council of June 5, the Ministry of State for CIDA was created, and subsequently the Secretary of State for External Affairs delegated many of her powers of authorization in respect to CIDA to me.

Day-to-day operations and policy, of course, are not separate. On questions of aid policy, the Honourable Flora MacDonald and I will function as a team. She is a lady for whom I

have the greatest respect—a respect which she receives from all parties in both chambers, I believe—and I look forward to working closely with her on the foreign policy review.

I should also mention that as a member of the Cabinet Committee on Foreign Affairs and Defence, and after discussions with Senator Flynn, it has been decided that I will answer questions on external affairs, national defence and CIDA in this chamber.

**Hon. Senators:** Hear, hear.

**Senator Asselin:** I will do so to the best of my ability, as usual.

**Senator Perrault:** Keep us out of war, now.

**Senator Asselin:** It has been almost a decade since the last foreign policy review was carried out. This review, leading into the 1980s, will be a change of substance as well as of operating procedures or mechanics. Our foreign aid is an integral part of our foreign policy. As I discovered in Africa this summer, aid has been a major national instrument in our relations with one-third of the world's people; but these are times of serious economic difficulty in Canada, as I have stated before. We cannot, honourable senators, give as much help as we might like. We are not being hypocritical, as the Leader of the Opposition in the other place tried to suggest last week, when we say this; we are being realistic. No one should be more aware of the fiscal restraints which affect Canada's aid policy than Mr. Trudeau. After all, he presided over that chain of events which put us in this position. I ask all honourable senators to judge where the hypocrisy lies.

The Leader of the Opposition suggested last week that on the subject of aid Miss MacDonald, Mr. Crosbie and I had contradicted each other. There is no such contradiction. We all agree that we cannot afford to increase our aid spending. We must ensure that our money is spent efficiently, and that it helps the population it is designed to help. Aid policy will be reviewed in the light of our commitment to assist in the development of those countries in the Third World which have the resources, the initiative and a strong desire to move ahead. Today we are partners in development; tomorrow we might be, or we will be, partners in trade.

Aid policy will also be reviewed in the light of our humanitarian commitment to the poorest countries in the world, where needs are more basic and more urgent. We have already taken some new initiatives in this regard. We have increased the budget for our work with Canada's non-governmental organizations working in the Third World in order to benefit more from their experience, and we have increased the budget of the International Development Research Centre, as agreed at the United Nations Conference on Science, Technology and Development in Vienna, and as stated by my dear colleague, Senator Bird.

There is a recognition that research and development must play an increasing role in the national development strategies of the Third World. But other difficult decisions must be made, and that is why we will have a parliamentary committee examining this subject. I expect it will be a joint committee,



for I want to see the expertise from all sides of this chamber put to good use.

This past summer, when I visited Cameroon, Zambia, Malawi, Tanzania and Kenya, I saw very real affection for Canada and Canadians, and had the opportunity at that time to see many CIDA projects at first hand. I must say that not all of what I saw pleased me. I think we must improve our record. We have already taken some steps to correct these problems. Our development aid projects are something which I think all Canadians should be proud of. Mistakes have been made in the past, reported here in Canada, and CIDA's image has been tarnished. If there is one commitment I want to make today it is to restore the Canadian public's pride in our foreign aid.

**Hon. Senators:** Hear, hear.

**Senator Asselin:** Last week, Mr. Trudeau said that Canada was losing credibility with the Third World. I saw no such loss of credibility this summer in Africa, nor in the many discussions I have since had with ambassadors and foreign ministers. They all understand the new government's fiscal constraints, and, above all, they have confidence in this new government. They know we will help as much as we can, that we will correct past errors, and especially that when timetables have to be changed or projects postponed, they know that their governments will be consulted and asked for input beforehand. They know that this government sees the aid relationship as one of partnership, and they have confidence that we will bring the same openness and consultation which we have brought to federal-provincial relations to our aid policy.

• (1610)

Honourable senators, I should like to refer briefly to Mr. Trudeau's comments on human rights and foreign policy. He stated that without economic justice, human rights have no meaning. I, for one, have no reluctance in supporting the statements of the Honourable Flora MacDonald. There is no reason to apologize for our stand that supports human rights in a world where they are increasingly under attack. I will not apologize for the message that this government has delivered loud and clear to the Government of Vietnam.

Honourable senators, before I end this speech, I should like to pay tribute to the man who was the architect of the Progressive Conservative victory last spring—Prime Minister Joe Clark. To understand Joe Clark and those values which he holds, you have only to look at the first Throne Speech of his government. He believes in open government, something we have lacked for many years now. He believes in Parliament, and he intends to restore to it the powers and prestige it must have in our system of government. Most of all, he believes that it is time the government of our country acknowledged that this is a confederation in which the provinces are partners in nation-building.

This summer, at the Commonwealth Heads of Government Conference in Lusaka, I had the opportunity of watching our new Prime Minister at his second major international conference. I can tell you, honourable senators, that he made a great

impression on his Commonwealth colleagues. Again and again the comments made by the heads and members of the delegations were that Joe Clark may be very young, but he has a keen and incisive mind that enables him to understand complicated situations quickly. They were impressed. Their judgment is that he has an excellent political future as head of our government. That was the verdict of Mr. Clark's international peers.

I remember last winter and spring reading countless articles of the doomsday scenario where English Canada elected Progressive Conservatives and French Canada elected Liberals, accentuating even further the divisions in our country. Well, the election came; the former government went; and doomsday never arrived. From French Canada there has been no surge of hostility towards the new government as was long predicted by our political adversaries.

As we head into this session of Parliament, we will see many new initiatives and changes of direction for our country. The new government's mandate was one of change. Canadians are cautious people by nature and, to a cautious people, change is often unsettling, but we are resolved to get our country working, again and, with the participation and co-operation of Canadians, we will succeed. I am convinced that with all of the energy and talent available to us as a government we will enjoy the goodwill and confidence of Canadians, and that they will fully support the change in direction and new strategies we intend to implement.

[Translation]

Honourable senators, I cannot conclude this first speech as a member of the government without saying a word on what I think of national unity. We have been asked several questions since the Speech from the Throne. We have been asked why is this government keeping quiet when we are facing a major crisis with respect to national unity? Why is this government keeping quiet in its Speech from the Throne about the referendum Quebec will be holding in the coming months? We are obviously aware that Canada is now going through a crisis of political maturity. We are aware that a great many Canadians are not satisfied with our political structures, our constitutional structures, that they want changes, rapid changes, to keep this country together.

We thought of replacing the negative approach, the approach of confrontation the former government had vis-à-vis the provinces by an approach of negotiation and dialogue. Since we have been elected to run this country, and since we have formed the new government, we have made diligent efforts to offer all provinces the cooperation of the new federal government. We did not do so out of vanity. We did it quite simply to try and change the atmosphere that prevailed previously, to try to open the windows and give Canadians a little more oxygen, to stop that useless confrontation the federal government had engaged in with the provinces for so many years.

Surprisingly, honourable senators, our approach was successful. We have, since we were sworn in, greatly increased

contacts with our colleagues in other provinces. We have discussed with them their problems which were often common to the federal and provincial governments. We have managed in several cases to solve problems without any fuss, without accusing one another. Furthermore, this new approach has enabled us, I think, to iron out certain difficulties that existed previously between the provinces and the federal government. Let us not hide it. We must not hide the fact that we had reached the point where every day there was a new declaration of war between Quebec and federal ministers. It was nearly shameful in the face of all Canadians to hear people serving the same interests insult one another publicly on issues that often were of no importance. That did not help national unity.

So, honourable senators, we set out to try and serve Canadians with this new approach. Indeed, we are told we are keeping quiet in the referendum fight. You are asking us to comment on a question that is not yet known. When are we going to take a stand on a question we do not know? Some would like us as a federal government to launch an immediate war against something, against a question we do not know. Come on, let us be serious. Let us wait until the question is put by the government in question and then the federal government will take its responsibilities. Do not ask us to table immediately papers or constitutional alternatives with respect to the changes one would want to see implemented in Canada. Do not ask the federal government to assume that responsibility by itself. But do ask all parties involved in this crisis of national unity to work out their own approaches. Do not ask us to do more than what is being done now by the leader of the Quebec Liberal Party, Mr. Ryan, who has not yet put his constitutional alternatives before the people. Do not ask this government to do more than the Liberal Party has done, since it has refused up to now to table its constitutional alternatives.

Senator Lamontagne will undoubtedly refer to Bill C-60. Let us be serious. Are we going to ask Quebecers to believe that Bill C-60, designed to reform the Senate and the Supreme Court and to make linguistic changes as well in a new Constitution, has thoroughly altered federalism? In addition, when Senator Lamontagne and some others ask us: "What is your constitutional position"? I answer: "What is yours"?

**Senator Lamontagne:** I never asked that.

**Senator Asselin:** If you did not ask, others did. Mr. Chrétien does as well as Mr. Lalonde, who constantly appear on television and accuse us of having no constitutional policy. Have you any constitutional policies? It is Bill C-60. However what does Bill C-60 mean? Abolish the Senate, replace it by a new house, alter the structure of the Supreme Court, introduce language rights in the new Constitution. Do you think this will change a single vote in Quebec? Not a single vote in the referendum.

**Senator Lamontagne:** Do not get excited.

**Senator Asselin:** I am not excited, I am answering you. Since the beginning of the session, Senator Lamontagne has been busy ironically denigrating the new government, more especially with charges such as the ones he made last evening.

Anyway, just read my speech this afternoon. I made some excellent comments about you. You will get your money's worth.

I say to you, honourable senators, that we will not do more at present than other political parties in Quebec and the federal Liberal Party are doing to thwart the separatist threat in Quebec.

● (1620)

There is something I have never said before publicly and that I want to say now. I only hope that our English-speaking compatriots will not intervene massively in the Quebec question. If they do, they will only provide the Quebec government with tools and instruments, and that would defeat our purpose which is to convince the Quebec people to vote "No" on the referendum question, if it is phrased the way we think it should be. Let us be careful, honourable senators from the anglophone provinces, be careful before deciding to jump head first into the Quebec battle to defend federalism. This battle will be fought between Quebecers. As a Quebecer, I will take part in it. I will say to my fellow Quebecers what my impression and experience of federalism has been over the past 20 years. I know a thing or two about federalism. I am aware that I do not know quite as much as Senator Lamontagne about it, but I am sure that if I need help and advice, thanks to his great generosity and consideration for the government, he will not refuse them.

**Senator Lamontagne:** You have Senator Tremblay.

**Senator Asselin:** We are certainly delighted to have Senator Tremblay with us and I am pleased to welcome him. It seems he is a friend of Senator Lamontagne, but at least he has seen the light. You never did see it. That is why he has joined our ranks.

Honourable senators, what I mean to say is that the present government is ready and willing. We shall certainly not do miracles. We shall probably make mistakes. We have challenges to meet in the area of the economy as well as national unity. That is the task which all honourable senators must carry out, at the invitation of the government, for we know, on the government side, that when the time comes to decide, you will go along with the best interests of the Canadian people.

[English]

**Senator Bosa:** Honourable senators, I welcome the opportunity, as Chairman of the Canadian Consultative Council on Multiculturalism, and as a member of this chamber, to participate in this debate, particularly as it affords me the opportunity to share with you some concerns about Canadian society.

First, I should like to extend my congratulations to the mover and seconder of the motion for an Address in reply to the Speech from the Throne, Senator Bielish and Senator Charbonneau.

I should also like to welcome collectively all those senators who have joined this chamber since the last session. It has certainly been a welcome change, and they have brought an infusion of new blood which has provided new vitality to this chamber.



I should also like to say some words of congratulation to the new Leader of the Government in the Senate, Senator Flynn, and to wish him well in the very onerous responsibilities that he has undertaken as Minister of Justice. To add to his responsibilities I understand that he is also the main spokesman for the Province of Quebec. One is not prevented from building up a sense of admiration for a member of this house, even though he may be on the other side of the fence politically. In friendship one can overlook a blind spot in the political ideology of a friend.

I should also like to congratulate our new Speaker, Senator Grosart. Senator Grosart was a very active debater in this chamber. I was amazed at his profound knowledge of so many different topics and subjects. He was often on his feet, and he spoke without notes. I am sure he enjoyed that, and now that he is the Speaker he probably has this conflict, that he enjoys his new role but regrets that he cannot participate in the activities that he liked so much before. I am sure he will discharge his new responsibilities in a statesmanlike manner, and we wish him well.

There are many challenges that face our society, and there is much to be done if we hope to meet the needs of our vast and multi-faceted society. The seventies saw important steps taken towards recognizing the history of this country and the contributions made by all of its people towards the building of our great nation. Last night I was greatly encouraged to hear Senator Macquarrie speak of the history of Canada, and the necessity of renaming buildings such as the East Block, which should be named after Sir John A. Macdonald. The building known as the South Block ought to have a historical name to bring to public notice the contributions made by heroes of this country.

In addition to persons such as Sir John A. Macdonald, the Right Hon. William Lyon Mackenzie King, Sir Robert Borden and all others who have held office as Prime Minister of Canada, there ought to be recognition for the many other heroes who contributed to the development of this country. For instance we have Sir Casimir S. Gzowski, who was, in 1849, the first Polish immigrant to come to Canada. A bridge in the Niagara Peninsula is named after him and a postage stamp was issued to his recognition. Enrico Tonti was the assistant to de LaSalle. I do not want to take away any credit that de LaSalle ought to have, but he confined his activities mostly to going back and forth between Canada and France in order to raise funds to finance further exploration, while Enrico Tonti, his assistant, remained here to explore the country, to build ships to cross the lakes, and to develop communications with the Indians. It was Tonti who did much of what de LaSalle got the credit for. People such as he ought to be recognized.

I have spoken of the contributions to this country by people of Italian origin on previous occasions—Giovanni Caboto, the discoverer of Canada, in 1497, Giovanni da Verazzano, the navigator and explorer, in 1526, Lieutenant Marini, a soldier who was wounded on the Plains of Abraham in 1759, and Carlo Burlamacchi who changed his name and who, as Brigadier General Charles Bourlamaque, played a key role in the

Seven Years War that preceded the battle on the Plains of Abraham.

There is a need for recognizing these people by naming buildings after them in order to give emphasis to this aspect of Canadian history so that people of all ethnic groups will know of their predecessors who have made significant contributions to the development of this country, and through this form of recognition they can derive a sense of real belonging—a sense of being part of the history of Canada.

In 1971 an announcement by the federal government of a policy of multiculturalism also instilled a feeling of real belonging to millions of Canadians. Provinces like Alberta, Saskatchewan, Manitoba and Ontario now have their own multicultural policies, and British Columbia has recently taken steps in this direction.

The Speech from the Throne in describing primary goals of this new Parliament says:

To enhance the rights, freedom and opportunities of individual Canadians . . . to consider measures to build upon the diverse regional and cultural strengths of Canada.

● (1630)

These ought to be the primary goals for each of us. Unfortunately, the philosophy of multiculturalism has yet to reach full acceptance by all segments of Canadian society. There are still some who are confused and some who imagine that Canadian identity must be something single or uniform. Canadian identity is a composite of the cultural heritages of each of us, whether he be born of Irish, German, Italian or Indian ancestry. What is Canada if not the soul and spirit of the immigrants and native people who together created this nation? What is the spirit of a people if not their collective memories, their culture? With the resources of today, to fail to keep the united Canada spirit of our ancestors alive would be to do injustice to the torch we have been handed.

I am pleased to note that the government intends to amend the Immigration Act by embedding in its preamble the multicultural fact of Canada, which better reflects the pluralistic essence of our society in addition to its federal and bilingual nature. I did show my displeasure to the previous government by proposing an amendment in a committee of the Senate when the bill was discussed. I was not a member of that committee, so Senator Asselin chivalrously moved the amendment for me.

Of even greater significance—and I wish to applaud it—is the government's position regarding recognition of the diversity of Canada in their review of cultural policy. I note this with great pleasure, as previous attempts of this nature have been only a matter of afterthought. I go back to the setting up of the B&B Commission in which only the reaction of some of the more vocal minority groups forced the government of the day to add the study of the "others"

Later still, the paper *A Time for Action* mentioned the need to address ourselves to the multicultural nature of our country, yet when Bill C-60 was introduced no significant mention of

multiculturalism was evident, and it was only later that the then minister responsible gave an undertaking to introduce it as an amendment to the bill.

To me, matters such as these are not token gestures to be dealt with on an *ad hoc* basis. They are the principles for forming the kind of society that we talk about, a society where member communities respect one another. It is time that governments of the day recognize the desires of all Canadians to participate to the fullest extent in the future of Canada. If the government is serious about encouraging the development and expression of the diversity and plurality of Canadian society, there is the opportunity to do so through order-in-council appointments.

If we are to ensure a better quality of life for all Canadians, we must take measures to eliminate social tensions and conflicts, we must display a willingness to understand and to help all ethnic groups in our society, and we must encourage sharing and building together by people of different backgrounds in a climate of mutual respect and understanding.

An important key to this end is communication. The media with their vast audience have a social responsibility to provide that communication. Public attitude is much influenced by the media. It is in this area that the media can be of great assistance in preventing distorted stereotyping.

Prejudice can exist even in the most enlightened minds, but, once instilled, prejudice and misconception cannot be easily eradicated. The surest way to incite prejudice against a community is to stereotype its people. Because of some sensational happenings, the media have often focussed their entire attention on these happenings, and this has been done frequently to the point that some reporters make no distinction between the few rotten apples and the community they come from.

By way of example, at the conclusion of the CBC programs *Connections*, Mr. Warren Davis stated that: "Some ethnic communities are not effectively policed." Mr. Davis made no distinction between policing criminals and policing a community.

The televising of the *Connections* programs by the CBC in March 1979, was purported to be an inquiry into organized crime. In fact, they were mostly a rehashing of old material, and I am sure that the police learned nothing new from them. However, the effect of the programs, as I will show in a moment, did reinforce an already existing negative image of the Italian community.

I do not want to say that this was intentional on the part of the CBC, but results of a Gallup Poll study, that I requested be commissioned by the Multiculturalism Directorate of the Department of the Secretary of State, disclosed conclusive evidence that the programs increased the stereotyping of Italians in Canada. Data collected by the poll indicated that 47 per cent, almost one out of two, of the persons who watched *Connections* linked Italian Canadians with "crime". Among those who did not see the programs, that number went down to 37 per cent. So there was almost a 23 per cent increase in that type of thinking as a result of watching those programs. The

[Senator Bosa.]

same survey revealed that 40 per cent of the viewers of those programs said that Italian Canadians are more involved with organized crime than other groups, while only 25 per cent of those who did not see the programs concurred. These are frightening results. Unfortunately, that is the public perception of Italian Canadians and crime, but what are the facts?

Professor François Ribordy's *Culture Conflict and Crime Among Italian Immigrants* (1975) used, as the focus of study, the significant Italian community in Montreal. Professor Ribordy established that the amount of Italian criminality is very low, and that it represents only one-tenth of the expected rate. His findings are confirmed by the results of similar research in foreign countries which demonstrated the low crime rate among Italians.

● (1640)

A study published by the Ministry of the Solicitor General in 1974, entitled *An Estimate of the Present and Future Costs Involvement of Immigrants in Crime in Canada*, concludes that the rate of crime among immigrants is about one-half the rate of crime among Canadians.

Canadians of Italian origin have every right to be proud of their heritage and to feel of their rightful place in Canada. Their forefathers have made significant contributions from the discovery of this country throughout its history to the present time. This community has brought a vibrant, warm-hearted presence to Canadian society, but programs like *Connections* can do nothing but arouse feelings of suspicion and hatred in the intracultural light while, at the same time, instilling in our youth burdensome guilt feelings which are not and should not be theirs to shoulder. The repercussions of such programs, the accusations, the slights, and the mistrust could result in the crippling of a child's own self-image, manifesting itself in unwarranted self-hatred for himself and his ancestry. It is the warping of the minds of children that truly bring to light the seriousness and tragic nature of the problem.

I hope that individual reporters will recognize this problem and, now that we have the benefit of the survey, have a greater sense of awareness in the psychological repercussions that a steady dose of unbalanced reporting can have on a significant segment of Canadian society. I do not want to prevent the press from reporting legitimate news, however sensational, but in the light of the circumstances programs like *Connections* ought not to be shown unless the stereotyping element is removed. Let's fight organized crime with all our might, but let's not harm an entire community in the process of doing so.

As a result of discussions with myself and others, the President of the CBC took steps to have a seminar organized this fall that would, at least, begin to sensitize CBC personnel to the complexities of our pluralistic society. Mr. Johnson has recently informed me that these consultations have been postponed for the time being. I hope it will not be too long before this meeting takes place. As our national broadcasting system, the CBC must offer positive leadership as opposed to being one of the main culprits in the area of media stereotyping.



I heartily welcome the review of cultural policy indicated in the Speech from the Throne. I purposely say "cultural policy", and not "cultural policies" as does the Speech, because I strongly believe that we should have one policy, and only one policy, for all Canadians. The parliamentary committee undertaking this review must be reminded, however, that its work will be incomplete if it does not take into consideration the views of the Canadian Consultative Council on Multiculturalism and those of the ethnocultural communities.

During the past few years, I have become acutely aware of their concerns and their need to be heard. Although my term as the national chairman of the CCCM will be completed at the end of this month, the insight I have gained during these

last three years will assist me in providing some input concerning legislation that comes before this chamber respecting matters affecting all segments of Canadian society.

The pre-election Progressive Conservative statement on multiculturalism, for example, predicted that control of federal funding for multicultural endeavours would be given to the CCCM, as well as permission to review practices in the various government departments and to have input concerning senior government appointments. Such proposed modifications will strengthen the CCCM, and I am looking forward to the implementation of these changes, hopefully during this session.

On motion of Senator Nurgitz, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

## THE SENATE

Thursday, October 18, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### LIBRARY OF PARLIAMENT

#### JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Demers had been substituted for that of Miss Nicholson on the list of members appointed to serve on the Standing Joint Committee on the Library of Parliament.

### PRINTING OF PARLIAMENT

#### JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Dionne (Chicoutimi) had been substituted for that of Mrs. Killens on the list of members appointed to serve on the Standing Joint Committee on the Printing of Parliament.

### NOBEL PEACE PRIZE

#### CONGRATULATIONS TO MOTHER TERESA, CALCUTTA, INDIA

**Senator Haidasz:** Honourable senators, we were happy to learn that the Norwegian Nobel Committee has awarded to Mother Teresa the 1979 Nobel Peace Prize.

Mother Teresa, a humble Roman Catholic nun, has shown great humanitarianism, and has given hope and inspiration by her untiring sacrifice to bring solace to the poor and afflicted.

This heroine of the Calcutta gutters has demonstrated that health and food for the sick are basic human rights, without which real and universal peace is not possible.

In expressing our great satisfaction on this auspicious occasion, I move, seconded by Senator Hays:

That the Honourable the Speaker convey the congratulations of the Senate of Canada to Mother Teresa on being awarded the 1979 Nobel Peace Prize, along with our hopes and prayers for her continued success and perseverance in this commendable work for mankind.

**Senator Roblin:** Honourable senators, on behalf of all of us who sit on this side of the house I should like to say how much we appreciate the thoughtfulness of Senator Haidasz and Senator Hays in presenting this motion to the house.

I should like to associate ourselves thoroughly with the remarks he has made, because we have here, in this woman's work in the very distressing social atmosphere of Calcutta, an example of devotion to the interests of humanity that is hard to equal.

There is really no further word that I could add, because her good works speak for themselves. They are the most eloquent testimony that one could imagine for the devotion she has shown for a great humanitarian and religious purpose. So we have much pleasure in joining with the expression of congratulations made by Senator Haidasz on this very important humanitarian award.

Motion agreed to.

### STATUS OF WOMEN

#### ANNIVERSARY OF PRIVY COUNCIL DECISION— COMMEMORATIVE PLAQUE IN SENATE ANTECHAMBER

[Translation]

**Senator Flynn:** Honourable senators, I rise to speak on a different yet related subject which also concerns the contribution of women in all spheres of human activity.

This morning, in the Senate antechamber, the Canadian Federation of Business and Professional Women's Clubs marked the 50th anniversary of the decision rendered by the judicial committee of the Privy Council to the effect that the word "persons", under section 24 of the British North America Act, encompassed persons of both sexes and that consequently women were eligible for Senate appointment.

It is somewhat ironic that this should have been discovered only 50 years ago. But the occasion deserved to be marked and deserves to be marked in this special way in the Senate today.

Last week, Senators Bielish and Quart drew our attention to that important anniversary. A plaque, in the Senate antechamber, bears the names of the five Alberta women: Mrs. H. M. Edwards, Nellie McClung, Louise McKinney, Emily Murphy and Irene Partby, who took their case to the Privy Council.

In retrospect, it is unfortunate that not one of them was ever called to the Senate but it can be pointed out that, as early as the following year, that is in 1930, the Honourable Cairine Wilson took her seat in this place, and that her bust stands close to the commemorative plaque I have just mentioned.

Since that time, several distinguished women have been and still are members of the Senate. The first francophone woman to be called to the Senate was Mrs. Marianna Jodoin whose bust also stands in the antechamber.

It was recalled that Senator Muriel Fergusson—and I can see her now in the gallery—was the first woman to preside



over the Senate. She was followed by Senator Renaude Lapointe. Indeed, both did the Senate proud, assuming with singular distinction the responsibility of Speaker of the Senate.

The present Prime Minister—and in that regard I must concede he does not differ much from the former—has proved, concretely, many a time, his intention of giving the women of Canada their rightful place in the various government institutions. I underline, amongst others, the appointment of Mrs. Jean Wadds to the position of High Commissioner in London.

As Minister of Justice, I had the pleasure of announcing the appointment of Justice Claire l'Heureux-Dubé to the Quebec Court of Appeal, the first woman ever to sit on that court.

I am convinced that, as time goes by, more and more women will assume the role that is rightfully theirs in every sphere of endeavour, their contribution and their participation becoming increasingly important and necessary everywhere.

● (1400)

[English]

**Senator Perrault:** Honourable senators, today is a notable day for a number of reasons. First of all, I want to associate myself and the official opposition with the remarks and sentiments expressed by the Leader of the Government respecting the very important anniversary being marked today. Together with him, I welcome the presence in our gallery of a former Speaker of the Senate, the Honourable Muriel Fergusson, the Honourable Thérèse Casgrain, and other former lady senators.

I note the presence in our chamber still of Senator Renaude Lapointe, who served us so very well as Speaker of the Senate, and I also wish to extend congratulations to those women who have been appointed to this chamber recently. All of us extend congratulations to those newly appointed to this chamber—after all, regardless of whether they be men or women, they are all “persons.”

Senator Quart acquainted us with the history behind the change in our Constitution 50 years ago when women were regarded finally as persons in the eyes of the law. I recommend to all senators the useful intervention of our colleague Senator Quart, which is found on page 29 of Senate *Hansard* of October 10, 1979. She summarized the situation very well in its historical perspective.

This is, indeed, a significant day to recognize. It may seem ludicrous to us in this day and age to think of women—such as those distinguished persons who grace this chamber as women senators, and those honoured by plaques and other forms of recognition on Parliament Hill—as anything other than persons in the eyes of the law in our Constitution, but it is true that only 50 years ago there was considerable doubt about the matter. Indeed, you do not have to go very far back in the history of common law to find women being regarded merely as chattels, as the personal property of their husbands. Well, thank goodness our society and our law have today progressed far beyond that sort of attitude. We owe a debt of gratitude to the people of years gone by, especially the pioneer women of this country, who worked so diligently to launch us on that course of progress.

● (1410)

While we take satisfaction in the fact that these positive changes took place 50 years ago, and in other ways since that time, let us not forget that the struggle goes on. In that regard I commend the government for the appointment of a woman judge in the province of Quebec, as announced in this chamber this afternoon by the distinguished Minister of Justice.

There are many examples that one can think of where our laws and practices still tend to discriminate unfairly against women, and we must all be as diligent and conscientious as those pioneers who went before us to attack these modern-day discrepancies where we find them. Today's anniversary serves as a good reminder of how far we have come, and we celebrate that, but also as a reminder of how far we have yet to go, and we renew ourselves today to carry on with that job. Is it not significant, honourable senators, that the very day that we honour and remember a milestone on the Canadian historical calendar of human rights, a very great woman, Mother Teresa, has been accorded the Nobel Peace Prize for her magnificent work.

**Hon. Senators:** Hear, hear.

**Senator Perrault:** Could there be any more tangible evidence of the great contribution, the superb abilities—yes, and the compassion which have been brought to bear on human problems by women? Here we have Mother Teresa, whose work for humanity and the problems confronting all mankind goes far beyond mere religious or racial considerations and extends to all “mankind” and “womankind,” all “persons” and people.

**The Hon. the Speaker:** May I be permitted, as I believe honourable senators would wish me so to do, to report to the Senate, on this very important occasion in the history of the Senate, that I, on your behalf, attended the ceremonies this morning in our antechamber. I am sure honourable senators would wish me to report to them the admiration of all those who were present of the initiative taken by the former Speaker, Senator Lapointe, in organizing and arranging this very important occasion in the history of this chamber and in the history of Canada.

I would like to point out, if I may at this time, that not only is the Honourable Muriel Fergusson here—I still call her Senator Fergusson, and I think we all do—but with her is Dr. Geraldine M. Farmer, First Vice-President of the Canadian Federation of Business and Professional Women's Clubs, who participated in this interesting and exciting ceremony this morning.

**Senator Flynn:** And also Madame Casgrain.

**The Hon. the Speaker:** I also had the privilege just before I took the Chair of having a chat with Senator Casgrain, who is beloved by all of us and by Canadians everywhere.

**Hon. Senators:** Hear, hear.

**The Hon. the Speaker:** I should also report that the Honourable the Secretary for State for Canada attended the ceremonies this morning and assured these very distinguished Canadi-

an "persons" of the continuing interest of all of us in the improvement of the status of women in Canada.

### THE RIGHT HON. PIERRE ELLIOTT TRUDEAU, P.C.

#### BIRTHDAY FELICITATIONS

**Senator Perrault:** Honourable senators, there is another notable anniversary today. Today marks the sixtieth birthday of the loyal Leader of the Opposition in the other place, the Leader of the Liberal Party, the Right Honourable Pierre Elliott Trudeau. Mr. Trudeau today has attained the youthful age of 60—and let us remind ourselves, honourable senators, wherever we occupy places in this chamber, that another great Liberal, Gladstone, became Prime Minister for the fourth time at the age of 83. Those of us in opposition here do not believe it will take Mr. Trudeau nearly that long.

**Senator Asselin:** He has 22 years to go.

**Senator Perrault:** Be assured that it will not take Mr. Trudeau 22 years to reassume his important role of government leadership.

**Senator Murray:** What about Winnipeg?

**Senator Flynn:** It will take him that long to make up his mind.

**Senator Perrault:** I know that all honourable senators will wish me to convey to him the good wishes of all of us on this notable milestone.

**Hon. Senators:** Hear, hear.

[Translation]

**Senator Flynn:** I should like to join with the Leader of the Opposition in offering my best wishes to former Prime Minister Pierre Trudeau, who is 60 years old today. Of course, this might be the beginning of what is often called a new "career".

[English]

**Senator Perrault:** His career is just blossoming.

[Translation]

**Senator Flynn:** I am confident he will be wise enough to set up for himself a set of goals which will not include being re-elected Prime Minister.

I know that when I reached age 60 I said to myself: This is the beginning of the end. However, because of recent events, I find myself in a position much more demanding than what I had anticipated. It is a fact, however, that when we offer our best wishes to our former Prime Minister and current Leader of the Opposition in the House of Commons, we are thinking more in terms of his new career than in terms of a renewal of his previous one.

[English]

### SAFE CONTAINERS CONVENTION BILL

#### FIRST READING

**Senator Flynn** presented Bill S-5, to implement the International Convention for Safe Containers.

[The Hon. the Speaker.]

Bill read first time.

**Senator Flynn** moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

### QUEBEC AND MONTREAL PORT WARDENS ACTS

#### BILL TO AMEND—FIRST READING

**Senator Flynn** presented Bill S-6, to amend an Act to provide for the appointment of a Port Warden for the Harbour of Quebec and to amend an Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal.

Bill read first time.

**Senator Flynn** moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Report of the Canadian Saltfish Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1978, pursuant to section 32 of the Saltfish Act, Chapter 37 (1st Supplement), and sections 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Capital Budget of the Canadian Saltfish Corporation for the fiscal year ending March 31, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1978-3539, dated November 23, 1978, approving same.

Report of the Freshwater Fish Marketing Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended April 30, 1978, pursuant to section 33 of the Freshwater Fish Marketing Act, Chapter F-13, and section 75(3) and 77(3) of the Financial Administration Act, Chapter F-10, R.S.C., 1970.

Capital Budget of the Freshwater Fish Marketing Corporation for the fiscal year ending April 30, 1979, pursuant to section 70(2) of the Financial Administration Act, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1978-2441, dated July 26, 1978, approving same.

### BUSINESS OF THE SENATE

#### ADJOURNMENT

**Senator Roblin:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when



the Senate adjourns today it do stand adjourned until Tuesday next, October 23, 1979, at 8 o'clock in the evening.

Motion agreed to.

● (1420)

## THE HONOURABLE LEOPOLD LANGLOIS

### RESIGNATION AS DEPUTY LEADER OF THE OPPOSITION

**Senator Langlois:** Honourable senators, before the Question Period is called I should like to rise on a question of privilege.

[*Translation*]

Honourable senators, it is with deep regret and also deep gratitude that I must announce to this house and my colleagues on this side that I decided last night to tender my resignation as Deputy Leader of the Opposition in this house.

I made that decision because, as I had warned my leader last spring, I wanted to part with those responsibilities I had exercised as government deputy leader in this house during two Parliaments, first with the Honourable Paul Martin and then with the Honourable Raymond Perrault because I considered that after carrying out those onerous duties during two Parliaments I had accomplished a task that should from now on be given to someone else.

I made that decision for another reason, because I considered and still consider my occupations outside this house prevented me from carrying out as I would have liked to do the duties I had been given to fulfil here. Among other things, I want to mention in passing some of those extracurricular functions to my work in the Senate like, for example, being President of the St. Lawrence Valley Seamen's Association, which has been operating for the past 11 years the Bernier Maritime Museum in l'Islet-sur-Mer in honour of the great Canadian explorer of whom we are all proud.

Also, I am Chairman of the Board of Governors of the Musical Society, the Vivaldi Movement, which has been in operation in my province for 15 years. We will be celebrating this year the fifteenth anniversary of that organization which now includes some 1,300 young violinists, alto-violinists and violoncellists all across the province from the Madgalen Islands to the Ottawa Valley taking music courses from that school. That society is doing our youth great services by inculcating in them not only musical discipline but also very valuable intellectual discipline.

Finally, since my release from the Royal Canadian Navy in 1945, I have been actively involved with the Canadian Marine Cadet Corps in eastern Quebec. That is an enormous job and I did not want to put all those extracurricular activities aside because my functions in this house required too much of my time. It is for those reasons only that I had to give my leader and my caucus my resignation as Deputy Leader of the Opposition in this house last night.

I am not leaving this house. I am not leaving my leader. I wish my successor well. I assure him of my fullest cooperation. For my friends opposite, they will continue to see me and wait for criticism that will naturally have to be directed at them,

but I will try to do so with all the graciousness and friendship I have tried to employ in the past. Oh, I know that on certain occasions I had to be tough with my friends opposite because they were sitting on this side of the house, but it was all in the heat of battle. I hope I still have, and I want to keep for a long time, their friendship and their affection. I thank them for the cooperation they have always showed. I will try to continue to be a good comrade in arms even though we must cross fire from time to time over this aisle separating us. I will always keep an excellent memory of my association with them. I thank them from the bottom of my heart for everything.

**Senator Flynn:** Honourable senators, I understand that the Leader of the Opposition might have wanted to rise, but I believe that, in the circumstances, it first belonged to us to express our regrets about the decision made by Senator Langlois. The views he expressed reflect exactly our feelings on this side. When he was Deputy Leader of the Government in the Senate I was Leader of the Opposition, so I had to fight with him several times. Sometimes we had quite heated exchanges and I still remember when my daughter had read the *Debates of the Senate* and learned I had driven back from Ottawa in the same car as Senator Langlois, she asked me: "How could you travel together after what you said to each other?"

In fact, we have often travelled together. Our relations have always been excellent. Of course, our training as lawyers helped us understand that we could have different opinions and sometimes quite heated exchanges. Anyway, I perfectly understand the reasons for Senator Langlois' decision.

I must tell him that last spring I held the same views and told myself that 12 years as Leader of the Opposition were enough—not only for me but particularly for others. I told myself that after the election, if we were still on the same side of the house, someone else would take over the job. Unfortunately, the circumstances did not give me the choice open today to Senator Langlois.

I know he is extremely useful to the various organizations he mentioned. Furthermore, I understand perfectly the reasons why today he relinquishes his responsibilities as Deputy Leader of the Opposition to someone else.

Since it has not been done yet, I would like to take this opportunity to mention officially that I am very pleased to have as Deputy Leader of the Government in the Senate Senator Duff Roblin, who will be very helpful to me. I suppose, I am sure he will consult Senator Langlois about the problems inherent in his position.

It is not everyone and maybe not every senator who can appreciate the large extent of the responsibilities of the Deputy Leader or Leader of the Opposition. It is not always easy.

I think we must be very grateful to Senator Langlois for what he did. He had much harder times before he was with Senator Perrault, since he spent two years as deputy of the Honourable Paul Martin and it was not easy, believe me. Maybe he forgot but I did not.

So I express on behalf of this side our most sincere gratitude for his services. And, as you said, we expect you to keep on your toes and be ready to send flaming arrows in our direction occasionally.

• (1430)

[English]

**Senator Perrault:** Honourable senators, all of us in this chamber, regardless of party affiliation, deeply regret the decision taken by Senator Langlois, and no one regrets it more than the Leader of the Opposition. From the day I came to this place, Léopold Langlois has been of inestimable assistance. You will not find in any Senate rule book a list of the qualities that make a great parliamentarian. Those of us who have been in politics for some time are aware of that fact. We know that you cannot codify qualities of ability, loyalty, dedication, inspiration and judgment, which are invaluable in the life of any political party, whether it serves in opposition or in government. Senator Langlois has brought all of these qualities to this chamber, and I suggest that his loss to us will be significant in the sense that his skills will not be available to us on the same day-to-day basis as has been the case during his time as deputy leader and house leader.

I can tell honourable senators that there have been at least four occasions in the past two years, because of pressing personal reasons—and senators have some knowledge of some of those reasons—when Senator Langlois has come to me and stated, “It is my desire to resign.” I must say that I, together with some of my other colleagues, prevailed upon him to stay on as deputy a little longer in order to assist us, because we needed him. I should tell you that the personal burdens and challenges which he has borne, in addition to his responsibilities as deputy leader and house leader for the Liberal Party in this place, have, at times, been enormous, and would have been too much for anyone of only normal ability and temperament.

We are going to miss him. His shoes will be very large shoes to fill.

[Translation]

I am sure I am expressing the feelings of all the honourable senators as I sincerely thank Senator Léopold Langlois for his great contribution to the Senate. As deputy leader, he has been of great help to me. It is quite comforting to know that we will still be able to use his great talents as a parliamentarian in the Senate.

[English]

**Senator Walker:** Honourable senators, I want to pay my tribute to Léopold Langlois. He is a great veteran of the Royal Canadian Navy—

**Hon. Senators:** Hear, hear.

**Senator Walker:** —who had a very distinguished naval career, ending up as the captain of a corvette engaged in active service. He is a great navy man and a typical navy man. He has that bonhomie, that good nature and that happy camaraderie which we all like so much and which make him a very remarkable senator.

[Senator Flynn.]

He is the leader of a group from the navy who are in the Senate today, including Andy Thompson who, under the command of Senator Langlois, lost his finger when he forgot to withdraw it at the proper time just as a shell was being fired.

Then there is Paul Lafond, who won the Distinguished Flying Cross when, singlehandedly, flying his aircraft he sank a German submarine. He is here today, and we should pay tribute to him.

**Hon. Senators:** Hear, hear.

**Senator Walker:** Léon Balcer served with the retiring deputy leader, and whether or not he served with distinction—and I am sure he must have—he too is part of that group of wonderful French Canadians whom we all very much respect.

Then there is Senator Quart's son, Gerry, who also served under our retiring deputy leader.

Finally, there is Dan Lang, a great friend of the deputy leader, who had a very distinguished career as the commanding officer of a motor torpedo boat in the North Sea. Sometimes, when you get a little wine into Dan, you can get him to tell you some of his stories.

This all leads me to mention how much goodwill we have, and how we are united in this chamber, above all other places, with French Canadians. We love them because of their qualities and not necessarily because they are French Canadian. We have great camaraderie and, on this side of the house, we appreciate more than I can say the fact that we have individuals like Senator Langlois holding positions such as the one he has held with such distinction for so long. He succeeded even when Paul Martin was the able Leader of the Government, and how he did that I will never know, but he got along with him and he smiled the way he is smiling now. For a long time, I think his *bête noire* was the present Leader of the Government in the Senate. They are a couple of French Canadians who rubbed each other the wrong way, but only in connection with politics.

I extend best wishes to him on behalf of all senators. We are very proud of him and we will seldom have his like again.

**Hon. Senators:** Hear, hear.

**Senator Roblin:** Honourable senators, I trust that the position I occupy today, next to the Leader of the Government in the Senate, entitles me to add something to what Senator Walker has so well said about our friend Senator Langlois.

When I was asked to take this post, one of the things that encouraged me to do so was the knowledge that I had been to a good “school.” By that I mean that for some time I had my seat on the other side of the house when Senator Langlois was running our affairs from this side of the house. I dare say that from time to time I might have been described as a bit of a nuisance, but he always treated me with such courtesy and with such an evident desire to respond to any legitimate requests I had—and I guess some of them were illegitimate—and to be helpful in the conduct of my duties that I felt there was a good example for anyone who undertook to do a job of this kind.



I was even more encouraged when I realized that when sitting here I would be sitting directly opposite him. As I have already said to him privately, I kept an eye on him because, when he went like this, moving his head up and down, I knew I was probably doing it right; and when he went like that, shaking his head from side to side, I had an idea there was something wrong. I do not know which seat in this chamber my friend will occupy in the future, but I hope it will not be too far away from his present one because I am still going to keep an eye on him. I have a lot to learn from him, and I appreciate the helpful attitude he has always displayed towards me.

I am not entirely sure that I am going to equal his record of sitting in this chair for two Parliaments. That is an enviable record, and, in recent years, the Conservative Party has not been able to equal a record of that kind—that is, considering the number of years involved, not the number of Parliaments—but I hope that when I do relinquish this task I will do so with the same confidence and feelings of satisfaction in a job well done that I know my honourable friend is entitled to enjoy today.

I join with all other senators in expressing our appreciation for the work he has done for the Senate and for Canada, and wish him well in the many good things that I know he is going to do in the future.

**Hon. Senators:** Hear, hear.

● (1440)

**Senator Langlois:** Honourable senators, I am going to fire my last broadside from the position I now occupy, but I can assure you that it will be a very gentle and soft one. The only words I can use to express my heartfelt feelings at this time are: Thank you; thank you very much for everything.

## QUESTION PERIOD

### ENERGY

MOVEMENT OF OIL FROM ALASKA TO LOWER FORTY-EIGHT STATES—WITHDRAWAL OF APPLICATION BY FOOTHILLS PIPE LINES LTD.

**Senator Perrault:** I have a question for the minister responsible for economic development.

Mr. Minister, I should like to pursue the question of this government's support, or lack of support, of the Foothills oil pipeline project, which was shelved by the company earlier this week, threatening Canadian job opportunities and raising the spectre of heavy oil tanker traffic off the west coast of Canada. I still have had no satisfactory explanation with respect to the merits of the west coast tanker route which appear to exist in the mind of at least one of the minister's ministerial colleagues.

Here in the Senate, as in the other place, we have heard some passionate words from government ministers, protesting their support of Foothills, but their action or inaction speaks much louder than their purple prose. According to press

reports, and according to official U.S. documents, there was no firm position on this issue taken by Canada before the end of August. The first official statement from Canada came in an aide-mémoire delivered to the United States on September 28, the very last day, honourable senators, upon which submissions could be received by the U.S. government.

**Senator Smith (Colchester):** Question.

**Senator Perrault:** The question is: What was the reason for this four-month delay? Certainly, we are all too well aware of the fact that the government ministers were not occupied with meeting Parliament during that long period of time.

**Senator Flynn:** What is the question?

**Senator Perrault:** If the minister pleads that Foothills itself was changing its proposals, what exactly was the nature of these alleged changes? Were they technical alterations, or did they affect the substance of Foothills' plan? Secondly,—

**Senator Flynn:** I thought it was fifthly.

**Senator Perrault:** I know honourable senators realize the importance of these questions.

**Senator Marshall:** Is this a speech or a question?

**Senator Perrault:** Despite the government's claims that they kept reassuring the Americans all along in informal meetings that Canada backed the Foothills project, the U.S. government officially noted on August 24 that Canada had not—

**Senator Smith (Colchester):** Question!

**Senator Perrault:** My remarks constitute a question.

**Senator Smith (Colchester):** Question!

**Senator Perrault:** The panic that appears in the honourable senator's eyes indicates his embarrassment at the question.

**Senator Flynn:** Of the questioner.

**Senator Perrault:** There was a delay of at least three months by this government, as confirmed by the United States. As for the last month in question, from August 24 to September 28, can the minister—

**Senator Flynn:** Come on!

**Senator Perrault:** Can the minister give us details of the representations made by Canada to the United States, so that we can judge for ourselves how strenuous and how specific they were? We got the list of meetings earlier today from the Prime Minister in the other place. What we want from this minister is a report on the content of these meetings. What did Canada say? And no equivocation, please.

**Senator Flynn:** After what you said?

**Senator de Cotret:** Honourable senator, I might have to await *Hansard* to read the details of your questions to be able to remember them all.

**Senator Perrault:** I should be delighted to repeat them.

**Senator Flynn:** We would not agree to hear you again.

**Senator de Cotret:** I will make my statement very clearly, and appropriately to the point. We have backed the Foothills proposal, as I indicated yesterday. We have backed the Foothills proposal throughout. We have backed the Foothills proposal since we took office. There have been, according to the question, a number of claims and counterclaims, and I am not about to engage in a discussion of what is reported in the press. I might just underline, however, the declaration reported in the press this morning by the Foothills company itself, which indicates that in no way did it find the government lacking in support for that project.

It is a project that, from a number of points of view, provided the most significant benefit to Canada. From the economic point of view, from the point of view of job creation and from the point of view of the environment, it was by far, out of the alternatives that were placed before us, the project that was the most encouraging. The Government of Canada never hesitated, either in informal discussions throughout the summer with our counterparts in the United States or through the formal aide-mémoire, to indicate strongly that the Foothills project had the full blessing and full support of the government, and that the government concurred in the carrying out of that project.

**Senator Olson:** I have a supplementary question. Would the minister advise this house whether the government endorsed the withdrawal of the project before the National Energy Board hearings in Vancouver?

**Senator de Cotret:** I do not think we are in a position, as a government, to endorse or repudiate any such decision that is being taken. As I indicated yesterday, it was a surprise to us when the decision was taken. I should only like to underline once again that, as far as we understand it, the decision to withdraw was a decision to withdraw temporarily. We certainly hope that the company will re-introduce a proposal by the end of the month, or shortly thereafter. It was a surprise to the government. It was not something that had been discussed, and certainly it is something that we deeply regret.

**Senator Olson:** I have a further supplementary question. Is the government aware of what Foothills' senior officers, in particular Mr. Phillips, describe as the "strategic advantage" for a withdrawal at that time? Was the government aware of that before it happened; and if so, would he explain what is the strategic advantage to Canada of withdrawing an application that is obviously endorsed by the government?

**Senator de Cotret:** Honourable senator, I can only repeat what I have said. You ask if we were aware of the advantage of the "strategic" considerations before the fact. I have just answered to your previous question that the decision by Foothills to withdraw was a decision that was a surprise to the government. By the same token, we were certainly not aware of any strategic considerations that the company, Foothills, may have been considering at the time of the withdrawal.

**Senator Olson:** As a final supplementary, I have to say that this is really no answer at all.

**Senator Flynn:** It was no question at all.

[Senator Flynn.]

**Senator Olson:** The government says, on the one side, that it fully supports it, and then says, on the other side, that it did not even have sufficient communications with Foothills to know they were going to withdraw.

**Senator Smith (Colchester):** Question!

**Senator Olson:** Have there been no communications with Foothills? I asked the question very clearly.

**Senator de Cotret:** And I think I answered the question very clearly. The question was whether or not Foothills had explained to us beforehand what those "strategic" considerations were. I answered it very clearly. The answer is no. The answer is that the Foothills decision was one that was a surprise to this government. I answered questions on that asked in this chamber yesterday, and questions asked by the honourable senator earlier today.

**Senator Olson:** A final supplementary.

**Senator Flynn:** I hope so.

**Senator Olson:** Would the minister undertake to find out from Foothills what those strategic advantage considerations are? There are words that are being bandied about and they don't give any explanation for it. If he can find out why it is good for Canada, we would like to know.

**Senator Flynn:** Why don't you go and ask?

**Senator Lamontagne:** He is not the government.

**Senator de Cotret:** The honourable senator is asking me to find out from Foothills what is best for Canada. I don't think it is appropriate for the Government of Canada to ask a company like Foothills what is good in the interests of Canada. If there are strategic reasons for their withdrawal, I am sure they will be brought to the attention of the government in due course.

**Senator Olson:** I think they would answer you quicker than they would me.

**Senator Argue:** I have a supplementary question. In view of the stated support by the government for the Foothills pipeline route, would the minister say whether the government will be making strong representations to President Carter in support of this route, assuming a re-application will be made, when the President comes to Canada? Will he assure us that Canada will be doing everything possible to make certain that the dangerous route on the Pacific west coast is not followed?

**Senator Flynn:** Of course.

• (1450)

**Senator de Cotret:** There is absolutely no question. I should like to note, however, that the honourable senator's question is hypothetical.

**Senator Olson:** The President is coming, for sure.

**Senator de Cotret:** The President is coming, for sure; and, for sure, we will be having discussions with the President; and, for sure, we will be talking about energy. In that context, honourable senators, if the question of Foothills comes up and



if at that time Foothills has reinstated its application, our position will be the same.

We have studied—as the prior government did, no doubt, and I would certainly hope so—in great detail the various alternatives to move this oil; and there is no question, as I mentioned before, that from our point of view the proposal that is of greatest importance and significance to Canada, both in terms of economic benefits and in terms of environmental benefits, is the Foothills proposal. So, if the proposal is before the decision makers at that point, both in Canada and the United States, we obviously will re-emphasize and reiterate our full support for that proposal.

**Senator Argue:** Honourable senators, I appreciate the minister's answer. My question, then, is obviously one that follows. Does the government expect, in view of its position and in view of everything it knows must follow that position, that there will be in fact an application before the board at the time of the President's visit? I think it is certainly clear that this is absolutely essential to the welfare of Canada.

**Senator de Cotret:** Honourable senators, my understanding at the moment is that the company expects to reintroduce its proposal by the end of the month. That is my understanding. Should that change, I shall be happy to communicate that fact to honourable senators, and also perhaps to shed light on the reasons underlying any change in corporate position.

**Senator van Roggen:** I have a supplementary for the minister. Has the government given consideration to Canada's supplying the landlocked Northern Tier refineries with additional oil to look after their pressing needs for sweet oil in the shorter term, so that pressure on the United States to go ahead with the building of the Northern Tier line will be removed, while we can take the longer view on the overland route from Alaska—the minister knowing that there are not yet the reserves discovered in Alaska to support that line—and, indeed, by that mechanism, have the opportunity of bringing Beaufort Sea oil, Canadian oil, down the Dempster lateral, which is so important as a part of that?

It seems to me that one of the only ways that Canada can indeed persuade the United States to bide its time for the Foothills route is to be forthcoming with some solution for those northern refineries. I am interested in knowing whether Canada has given consideration to that possibility.

**Senator de Cotret:** Your specific question, senator, I will have to refer to my colleague, the Minister of Energy, Mines and Resources, to ascertain the extent to which consideration has been given such a proposal.

My understanding of that situation is that the President of the United States is bound to make a recommendation to Congress on the situation by, I believe, December 6, but I stand to be corrected on that. That is my understanding. I am not sure to what extent we can actually bide our time in terms of the decision, but I should be happy to discuss it with the Minister of Energy, Mines and Resources.

**Senator van Roggen:** Your government is now showing a lot more dispatch in this matter than it was this summer when

Mr. Hnatyshyn, as I recall, some time in August, said you had not made a decision as to what you would support. So, I am suggesting that between now and the President's visit, which is only three weeks from now, the government should get on with its decisions in these matters and it should come up with some firm proposals for the Americans, or the ball game is over so far as a Canadian pipeline is concerned.

**Senator de Cotret:** In terms of the allegation you make, senator, I point out to you that the government, since June 6, has on eight occasions—eight occasions—explained its position on the pipeline situation to American officials. So it has been made abundantly clear from two days after we assumed power, and throughout the period, what our preference was. And it was concluded by the official aide-mémoire, which was required by that date, and which was actually filed by that date.

So I do not think that you can suggest that this government has in any way shirked its responsibilities—or hesitated, for that matter—in respect to indicating a position which does not really require a tremendous amount of analysis. I think that when you look at the three alternatives, even summarily, it becomes quite obvious that the economic benefits to Canada and the environmental benefits to Canada derive from an overland route.

**Senator van Roggen:** Was the Minister of Energy, Mines and Resources misquoted in the press in August, prior to your aide-mémoire's being delivered to the United States on the very last day on which it could be delivered?

**Senator Perrault:** I have a supplementary in relation to that. Here we have a message from the minister today suggesting that there was clear-sighted, strong resolve to support this Foothills project throughout the summer. Yet on August 23—and I quote from the transcript—the Minister of Energy, Mines and Resources stated:

Well, I think the position that we are taking as a new government is that we are going to review the alternatives and I simply think it is premature to indicate a position on the matter now.

How can you have it both ways, Mr. Minister? How can you say on the one hand, "We had this strong position throughout the summer months? We knew where we were going," and how can the minister, on August 23, suggest there could be alternatives; there could be reasons to abandon this proposal entirely? That is the clear implication of this quotation.

**Senator Smith (Colchester):** That is your implication.

**Senator de Cotret:** That is your implication from the quotation, senator. If you remember the facts, at that point there were changes made in the Foothills proposal, and the minister was suggesting that there was no third government preference in terms of the old Foothills proposal and the new Foothills proposal.

The question of backing an overland route was never in question. It was just a question of which of the two proposals—the new or the old—the government preferred. That was

the question under review. And I think that is fully consistent with our position.

We are not having it both ways. We have had it one way all the way, and our position has been very clear from the outset.

**Senator Perrault:** Why was it necessary, then, to go down to the last agonizing moment, the final day that submissions were required by the United States? Why did it take that long? Why did it take so long for the government to decide which option it would choose?

**Senator Smith (Colchester):** No, it did not take that long for the government to decide.

**Senator de Cotret:** To the best of my information, starting two days after this government took power we made our position clear to the United States, and we repeated that position over those two months, or two-and-a-half months, seven times. I do not feel that the fact that we submitted the official aide-mémoire on the date on which it was requested is in any way an indication that we waited to the last minute to indicate our preference.

**Senator Smith (Colchester):** The leader does not want to confuse the President.

**Senator van Roggen:** Before this matter is closed, honourable senators—I would not like the heat of this exchange to obscure the question, and I understand the minister will need to consult the Minister of Energy, Mines and Resources—I would be interested in hearing any concrete proposals that the government has formulated for presentation to the President to preserve a Canadian position so that the recommendation of the American agencies to go via the Northern Tier route is not the only choice left to the United States. That seems to rest in Canadian hands, and some imaginative proposals will have to be forthcoming.

I appreciate the fact that you would not have that at your fingertips.

**Senator de Cotret:** As I undertook to do, I will discuss this matter with the Minister of Energy, and I shall be more than happy to report back as soon as possible on this matter.

**Senator Steuart:** I have a further supplementary on this matter. I heard the talk in the other place today and I heard the talk here, and Mr. Hnatyshyn, in making his statement at that time, did not imply there was a change in the position of the government because there had been a change in the application, or a change in the route, or some big change by Foothills.

What were those changes? From my following of this subject, the route was still overland, and there were no tankers involved. What were these dramatic changes that suddenly made the Minister of Energy sort of hesitate—and, in fact, withdraw publicly the government's support for this route? What were the changes?

● (1500)

**Senator de Cotret:** I would be happy to indicate exactly the changes that were made in the Foothills proposal, but certainly

[Senator de Cotret.]

when the Minister of Energy, Mines and Resources said that the matter was still under review, as I indicated in my answer to the Leader of the Opposition, it was very much with respect to the reviewing of the changes that had been made in the Foothills proposal. That is why, along the lines you mentioned, I suggested our position never changed. We were always in favour of an all-land route because, as I mentioned earlier, it is of economic and environmental benefit to Canada. That position has never changed.

## INDUSTRY

### AUTOMOBILE MANUFACTURING

**Senator Bosa:** Honourable senators, further to my questions yesterday concerning the enormous deficit in the automotive industry, I have a question for the minister responsible for economic development.

The Minister of Regional Economic Expansion said earlier today that a meeting is going to be held soon to discuss with the President of General Motors the reasons behind GM's decision not to proceed with the construction of a new plant in Quebec. Since the meeting is to involve Senator de Cotret, can the minister say if the Government of Canada has, as of now, formulated any specific proposals to take to that meeting and, if so, could the minister advise us as to what they are?

**Senator de Cotret:** I would be happy to elaborate further on the meeting with the President of General Motors. However, let me say, first of all, that this meeting was agreed to between him and me while I visited with businessmen in Toronto approximately two weeks ago. We agreed to meet later on this month to discuss an aluminum foundry which they contemplated constructing, and to allow him the opportunity of bringing us in government up-to-date as to where that decision was in terms of their corporate plans.

I might elaborate somewhat upon that. The proposal to build a \$650 million aluminum foundry in Quebec was first raised approximately a year and a half ago by the corporation. They approached the Government of Canada and the Government of Quebec at that time for some financial assistance should they decide to build in an area designated by DREE. The government at the time agreed. At that point the proposal was for a foundry costing between \$400 million and \$425 million. Offers of financial assistance from both governments were forthcoming. However, this spring General Motors decided not to proceed with the project, so the offers expired.

In early July GM came back to the Government of Canada and the Government of Quebec and told us they wished to reconsider the location—the possible location—of the aluminum foundry and asked the federal government whether it would support through DREE, and the Government of Quebec whether it would support through the mechanisms it has at its disposal, the establishment of a foundry that would now cost \$650 million. We responded, as you are aware, in the positive.

That decision was communicated to the company on July 17 or 18, and was good for three months. The company has now advised us that they do not seek an extension to the proposal,



not because they have decided to put the aluminum foundry some place else, but because the decision itself on whether or not the company would move with an aluminum foundry has not been made, and they do not expect it to be made in the near future.

In the interim, they have found other mechanisms, particularly increased use of diesel motors and other products, primarily plastics, in the construction of automobiles to allow them to meet the energy conservation guidelines that have been set. As you will appreciate, moving to aluminum is a major change in technology for the company. It is not a question of their relocating the aluminum foundry at one of their other sites, but rather a question of their postponing the decision on whether to move to new technology at all.

We are still planning to meet with the officials from General Motors to discuss the matter more fully. We are concerned about the geographic imbalance of the automobile industry in Canada, and I can assure honourable senators that this government will be actively pursuing discussions with General Motors and other automobile manufacturers to ensure a proper geographic balance of the industry in Canada.

#### INDUCEMENTS TO ATTRACT INVESTMENT

**Senator Bosa:** A supplementary question. In view of the concern expressed, particularly in the United States, about the so-called "bidding" among various levels of government to attract industry, especially the automobile industry, can the minister say what the federal government's response will be on this very delicate question of international and interprovincial trade?

**Senator de Cotret:** In terms of location bids, that is an issue that has been of some concern to me since assuming office. I can report to the Senate that I have had several meetings with the American ambassador, at which we brought up the question of competing bids from various states in the United States, various provinces in Canada and various municipalities, to attract major investments, not only by the automobile industry but other areas of industrial activity.

It is a practice that is deplored by my government and deplored, I believe, by the Government of the United States. However, the complexity of the matter is considerable since it involves a great number of states and all the Canadian provinces. In many ways, it is a mug's game, a game in which you really do not win in the long run. You can attract some industries and yet lose others when a government offers them significant subsidies to relocate.

So the question is tabled. It is under active review by our officials at both levels, but it is a very complex question since it involves at least 48 states, 10 provinces and two territories. As you can imagine, there are different jurisdictions involved

which have a say in it. That is the state of that particular situation at this time.

#### INTERNATIONAL DEVELOPMENT

##### FOREIGN AID POLICY OF GOVERNMENT

[Translation]

**Senator Lamontagne:** Honourable senators, I would like to put a question to the Minister of State—I do not know how to call him—who for the time being is responsible for CIDA. Before I go on, I would like to tell the minister that in spite of the cold he wanted to give me during his speech yesterday, my voice is still pretty good.

**Senator Asselin:** I am very happy for you.

**Senator Lamontagne:** I understand the minister is now ready to answer questions in this house about external affairs and national defence. But before he takes on his new responsibilities I would like to ask him, in his capacity as Minister of State for CIDA, whether he is a real minister or a half minister or particularly whether he was perhaps promoted to deputy minister.

In other words, is he really in charge of the external aid of the Government of Canada in all its aspects, including the general direction of the policy in that field, or is he only an official responsible for carrying out the decisions of the Secretary of State for External Affairs?

**Senator Asselin:** To answer my colleague's question, I will table the order in council confirming my appointment as Minister of State for CIDA.

**Senator Lamontagne:** That does not answer my question directly because I would like to know whether the minister is entirely responsible and whether he is also responsible for defining the general direction of Canada's external aid policy.

**Senator Asselin:** The honourable senator should read over the speech I made yesterday concerning external aid; he will find all the answers in it.

**Senator Lamontagne:** Since the minister is telling us he is entirely responsible for that sector of policy, I would like to ask him whether he drafted the speech made by the Secretary of State for External Affairs in Toronto on October 4 last, and whether the Secretary of State for External Affairs did indeed read the speech the minister wrote for her.

**Senator Asselin:** That is a question I will have to put to the Secretary of State for External Affairs. I will have to take that question as notice. I will ask her for an explanation and give an answer later.

**Senator Lamontagne:** I want to ask a supplementary question: At the same time could the minister give another answer and say how he can reconcile the speech made by the Secre-

tary of State for External Affairs in Toronto to announce her new policy in external affairs, how he can reconcile that new policy to help friends outside Canada and the statement made by Parliament's spokesman, Mr. Douglas Roche, a member of the other place, who in a speech delivered before the United Nations in New York said that from now on the United Nations would have to make a fresh start so as to eliminate poverty in Third World countries by the year 2000, adding:

● (1510)

[English]

Committing ourselves to this common obligation reaching beyond all national frontiers and power structures—

[Translation]

It is now a question of helping only those nations we like and those that are rich.

[English]

—could well provide a fresh start for the last two decades of the century.

[Translation]

If the minister is ready to answer today, how can he reconcile the statement made by the Secretary of State for External Affairs with the other made by Mr. Roche?

**Senator Asselin:** Mr. Roche asked all governments extending foreign aid to help those nations to develop their economies. This has been the program of all governments in the past, and it is still that of this government.

**Senator Lamontagne:** You should read again the speech made by the Secretary of State for External Affairs.

**Senator Asselin:** I already have.

[English]

## CONSUMER AND CORPORATE AFFAIRS

### POSSIBLE PROSECUTION OF WESTERN TRANSPORTATION ASSOCIATION—RESPONSIBILITIES OF ATTORNEY GENERAL OF CANADA UNDER COMBINES INVESTIGATION ACT

**Senator Frith:** Honourable senators, I have a question for the Minister of Justice. In answer to my question yesterday—

**The Hon. the Speaker:** Honourable senators, I hesitate to intervene, but a problem has arisen due to the number of senators who rise from time to time to ask questions. There are some who continue the practice of catching my eye, and I have indicated to them from time to time that they have caught my eye, but at the same time that they rise, other honourable senators, who are not aware that I have indicated to another senator that he will have the floor next, rise to ask questions. Under the rules, it is my responsibility, subject to appeal to the house, to indicate the senator who, in my opinion, has risen first.

**Senator Everett:** I am happy to defer to Senator Frith, Mr. Speaker, provided that I follow immediately after.

**Senator Frith:** I thank my colleague, Senator Everett, and you, Mr. Speaker.

[Senator Lamontagne.]

Yesterday, in a question posed to the Minister of Justice, I asked whether the Director of Investigation and Research had, under section 15 of the Combines Investigation Act, made a recommendation as to prosecution in the Western Transportation Association case.

It was my impression that he had not answered my question, but I had to study *Hansard* to be sure that he had not. In fairness to him, there were other questions included in that exchange.

I would now like to ask him very precisely whether or not the report referred to him by the Director of Investigation in that case under section 15 did contain a recommendation as to whether or not there should be a prosecution.

**Senator Flynn:** Honourable senators, since yesterday I have reflected on the line of questioning by Senator Frith as it relates to my responsibilities as Attorney General. I have very grave doubts about the ethics of this line of questioning at a time when I have to consider a problem in relation to which I have to make a decision of a quasi-judicial nature. If I were to discuss matters of that kind with the honourable senator in the form that he puts his question, it could compromise the case for the Crown or the defence.

I can file as an appendix to *Hansard* a general policy statement with regard to matters concerning the Combines Investigation Act as it relates to the duties of the Attorney General of Canada. I could recite that policy, if it is the wish of Senator Frith that I do so. But for me to tell the honourable senator everything that goes through my mind in considering a given problem would be a very dangerous process.

I am a bit like a judge who, having a case under advisement, receives a telephone call from someone like Senator Frith who tells him what his views are.

**An Hon. Senator:** Some phone call!

**Senator Flynn:** I do not intend to be dragged into that type of exercise. I hope that Senator Frith will understand, once and for all, that when I make my decision, I will do so in accordance with what I consider to be my responsibility, and it will be my responsibility alone. Once I have made my decision, he may then question me as long and as often as he wishes, and in any manner that he wishes. In the meantime, I do not intend to prejudice either the case of the Crown or any possible defendants by going into details of the situation at this point.

**Senator Frith:** Honourable senators, leaving aside the question of ethics that was raised and dealing directly with the responsibility of the minister, he knows very well his function is not a quasi-judicial or judicial function. I have prosecuted cases for the Crown under this act, and I can tell the minister that there is no compromise whatsoever in saying whether or not a prosecution has been recommended. I am not asking the minister for the details. As interesting as it might be, I am not interested, and I do not think the people of this country are interested, in what goes on in that mind, but, to get back to the question asked yesterday, and asked again today, they might be interested in knowing whether or not the Director of Investigation recommended prosecution.



The minister is still free to carry on with all of those things in his mind after he has answered that question. Did the Director of Investigation recommend prosecution, or did he not?

**Senator Flynn:** I cannot answer that question because I do not know.

**Senator Frith:** You do not know?

**Senator Flynn:** No.

**Senator Frith:** You do not know whether or not prosecution was recommended?

**Senator Flynn:** No.

**Senator Frith:** Have you read the report?

**Senator Flynn:** The meeting was to apprise me of the investigation that had been conducted. If I recall correctly, I received no specific recommendation as to that matter. But, again, the honourable senator should realize that by inviting me to reply to this, he could be prejudicing the case of any defendants or perhaps the case of the Crown in the event that I would say "yes" or "no" to the recommendation that is made to me. That is probably too difficult for him to understand. He knows so much.

**Senator Lamontagne:** Don't get into that. Answer the question.

**Senator Flynn:** Well, I would like you to rise and put a question to me. You are ignorant as far as this matter is concerned, so stay put and mind your own business.

[Translation]

**Senator Lamontagne:** Mr. Speaker, I rise on a question of privilege. I would like to say to the Leader of the Government that he was not the one who gave me my medals or my academic degrees.

**Senator Flynn:** I would not have been able to do so.

**Senator Lamontagne:** Moreover, I can tell him that I was a member of an inquiry commission to review the Combines Investigation Act and that I may be more familiar with it than he is.

**Senator Flynn:** You have probably forgotten it completely.

• (1520)

**Senator Frith:** Honourable senators, I understand that the Minister of Justice would rather I asked him another question, but let us dispose of that one first. The reference that is made under section 15 is normally made by way of a written report by the Director. Was there such a written report in this case?

**Senator Flynn:** I will not answer that question again. But I will say that section 15 provides that:

(1) The Director may, at any stage of an inquiry, and in addition to or in lieu of continuing the inquiry, remit any records, returns or evidence to the Attorney General of Canada for consideration as to whether an offence has been or is about to be committed against this Act, and for

such action as the Attorney General of Canada may be pleased to take.

He may also ask to appoint and instruct counsel to assist him in any inquiry. But, as I said, I am not able to say whether I was asked to instruct counsel to assist or whether there was a final and formal determination as to whether some charges were to be laid. But again, I am referring to the law, and I am offering to give the honourable senator, or I may recite it to him, the record as far as the provisions of the Combines Investigation Act and the responsibilities of the Solicitor General are concerned. I am willing to table that, or to recite it. I don't mind. I am willing to lecture the honourable senator, if he wants that, and possibly also Senator Lamontagne, since he said—

**Senator Frith:** So you will not answer the question.

**Senator Flynn:** What question? I have answered. I said I would not tell. That is an answer. Do you understand what "no" means? There is another one-word answer—it has three letters.

**Senator Frith:** To quote one of the favourite phrases of the Minister of Justice when he is asked for information, and about the lecture he proposes to give, "in due course."

However, let us get back to the question. I will insist, and you might as well know that I am going to keep coming back to the question, and the question is: Was there such a recommendation? I am not asking what the recommendation was, but was there such a recommendation, a recommendation as to whether there should be a prosecution, or not? I take it you saw the report. Surely it is not that you cannot remember. Do I understand that to be the case, or are you just not going to tell me or anybody else, for that matter, whether there was or was not such a recommendation? Because, honourable senator, that is very relevant to the other questions that you have invited me to ask—and those are about the famous or, as it is sometimes called, the infamous meeting. Now in order to ask about the famous or infamous meeting, I would like to know whether there was such a recommendation one way or the other, and certainly I will leave this question if what you are saying is, "I shall not tell you." Is that what you are saying?

**Senator Flynn:** Yes.

**Senator Frith:** All right. So now we know about freedom. How sweet it is to hear about this freedom of information.

**Senator Perrault:** Open government!

**Senator Frith:** And open government. But instead of freedom of information and open government, what we have is fog from a super, hypercharged fog machine. In any event, that is the answer; you will not tell us whether there was any such recommendation.

**Senator Smith (Colchester):** I rise on a point of privilege.

**An Hon. Senator:** Order.

**Senator Smith (Colchester):** Of course, I hesitate to embark upon any criticism of the course of action followed by such a learned gentleman of such great experience as the honourable

senator opposite who seems to be seeking to be educated by the Attorney General of Canada.

**An Hon. Senator:** What is your point of order?

**Senator Smith (Colchester):** I did not say a point of order; I said a point of privilege. I say that the privilege of this house is being abused by the honourable gentleman when he tries to elicit, prior to the decision made or to be made by the Attorney General, respecting the prosecution or non-prosecution of some Canadian, whether or not he is aware or has conducted himself in such a way as to be aware of certain factors which are relevant to the way in which he makes up his mind. I say that is despicable, that is reprehensible and is totally inconsistent with the privileges of this house.

**Senator Perrault:** That is out of order too. The house is totally abused by this type of comment by the honourable senator.

**Senator Smith (Colchester):** It is total abuse of the rules of this house.

**Senator Perrault:** The senator's remarks are totally out of order.

**Senator Smith (Colchester):** The honourable gentleman takes the bait again, just like a sucker.

**Senator Frith:** Speaking to the point of privilege, I can clearly see that we are drawing a little blood over there.

**Senator Perrault:** Type zero.

**Senator Frith:** I am appreciative of all lectures and I find it very edifying to have lectures not only from the Attorney General, who I am sure has had much more experience in combines cases than I have had, although I must say I have had some, but of course, nowhere near the kind of experience that the hesitating Senator Smith (Colchester), who hesitates to get up on his feet on a point of order, has. In any event, let us pass on.

Honourable senators, I would like to pass the question of despicability or whatever it was that he was talking about, and I would like to get back then to the next question. Where we are right at the moment, honourable senators, is that the Minister of Justice has said that he will not tell. And as far as any secrecy is concerned, I can say that on both occasions that I prosecuted it was public knowledge before the prosecution took place, before the Director and the Restrictive Trade Practices Commission—which did not come into this one because it was referred beforehand under section 15—that a recommendation had been made to the Minister of Justice for a prosecution. And that is all I was asking. I was not asking what the recommendation was. I was simply asking if there was such a recommendation. Anyway, the answer is no; no information—closed-door policy.

Let us go on to the next question. Incidentally, I might add that both prosecutions resulted in convictions, for your information.

The next question for the Minister of Justice arose also out of the questioning of yesterday, and that relates to the question

of the precedents that exist for consulting other ministers before deciding on a prosecution. The precedents that were asked for in the other place, and were disclosed, were precedents dealing with something under the Official Secrets Act and the *Toronto Sun*. Are there precedents with reference to the Combines Investigation Act for the Minister of Justice to consult other persons with reference to a prosecution when there has been a reference under section 15, and if there are such precedents, can we have them?

**Senator Flynn:** I do not know that there is any distinction between the responsibility of the Attorney General under the Combines Investigation Act and any other act, and I cannot see the difference, but I could quote several authors on this point.

● (1530)

I have again offered to Senator Frith to read into the record the opinion that was prepared for me and the authorities in support of that opinion. I don't know if I should do so. I don't think it is very useful, because I think Senator Frith does not want the truth. He wants simply to embarrass me or to create a problem.

**Senator Lamontagne:** I think he does it very well.

**Senator Flynn:** Senator Lamontagne, you are so clumsy. I don't know why you always intervene.

**Senator Lamontagne:** I learned from you.

**Senator Flynn:** Well, you always put your foot in your mouth.

**Senator Lamontagne:** It's your mouth.

**Senator Flynn:** You should keep quiet. I know you have received degrees and honours, and you are a good worker, but as far as judgment is concerned, no degree would grant you that.

**Senator Frith:** Honourable senators, may I rise on a question of privilege?

**An Hon. Senator:** Oh, come on!

**Senator Frith:** Just a moment now. I know this business of privilege and order is a bit of a bore, but is the Honourable Leader of the Government, just so I will know, and Minister of Justice imputing motives? He suggested that I don't want the truth. Is he imputing some motives to me?

**Senator Flynn:** No.

**Senator Frith:** Did you not say that I don't want the truth?

**Senator Flynn:** No, I didn't say that.

**Senator Frith:** I think that is exactly what you said.

**Senator Flynn:** No, no, to speed the case.

**Senator Frith:** Well, tell me what you said.

**Senator Muir:** Don't be so thin-skinned!

**Senator Flynn:** Should I ask the reporter to repeat it? I am sure the only thing I said was to the effect that your motives are not really to find out the truth but to embarrass me. If that



is what you want to hear, that is what I said and I will repeat it.

**Senator Frith:** With all respect—

**Senator Flynn:** You are not honestly seeking—

**Some Hon. Senators:** Oh, oh!

**Senator Flynn:** You are not honestly seeking the truth.

**Some Hon. Senators:** Oh, oh!

**Senator Molgat:** Come on now!

**Senator Frith:** Well, that is certainly imputing motives.

**Senator Perrault:** You are imputing motives!

**Senator Steuart:** Yes. Now you have both feet in your mouth at the same time.

**Senator Frith:** Could the Speaker perhaps straighten this matter out? Am I not to go on with this questioning because the Leader of the Government in this chamber and the Minister of Justice—

**Senator Flynn:** Yes!

**Senator Frith:** —because the Minister of Justice is saying that I am dishonest?

**Senator Flynn:** No, no. I said you are not honestly seeking the truth.

**Senator Frith:** Oh, now! Speaking of “avocaterie” and fine distinctions and lectures, there is a distinction between dishonest and not honest! Now, that is a distinction! I would like to hear a lecture in due course on that subject.

**Senator Molgat:** And that is from the Minister of Justice.

**Senator Frith:** Yes. In any event, Mr. Speaker, does that have to be straightened out? Now, I am a new boy here so I don't understand. Can I go on with my questioning or should we straighten out the question as to whether I am honest or not?

**The Hon. the Speaker:** I am sure the honourable senator will appreciate it if I say that I am also a new boy in the Chair.

The honourable senator, I am quite sure, is aware of the convention referred to so eloquently by Senator Macquarrie—

**Senator Flynn:** Your Honour, I will withdraw and that will be the end of it.

**An Hon. Senator:** Order!

**Senator Flynn:** No, no. I say I am withdrawing the words that I used. There is nothing more that can be asked. I do withdraw.

**Senator Frith:** I accept that, Your Honour.

**The Hon. the Speaker:** Order. May I ask the Honourable Senator Frith if he is prepared to accept the explanation given by the Leader of the Government and to withdraw his request for a ruling from the Chair?

**Senator Frith:** Yes, Your Honour. Perhaps you did not catch my eye or hear me, but I stood and said, “I accept that.” Thank you.

Now may I ask the Minister of Justice to table the precedents that he has for the consultation that we have been discussing in this line of questioning, and then we can leave that? If he tells me that these are the precedents on which he relies, then we can go on to the third and last part of my question.

**Senator Flynn:** I certainly will do that, although I don't know exactly how I should do it. I think in order to inform all senators I should probably enter as an appendix to *Hansard* the document that has been prepared for me with the authorities concerned. That might also have the benefit of shortening the Question Period tomorrow. At least, I hope so, although I really enjoy this kind of battle. I have always enjoyed it.

The only part that I want to quote in order to assist Senator Frith in asking his supplementary question has to do with the quasi-judicial capacity in which I serve. I will be quoting from *Constitutional and Administrative Law*, Third Edition, S.A. de Smith. This edition was revised by Professor Harry Street, Barbara de Smith and Rodney Brazier. At page 318, and the heading is “Central Government Departments and Civil Service,” is the following:

As regards the decision whether or not to institute public prosecutions—

And I think that applies here.

—the Attorney-General acts in a quasi-judicial capacity, and does not take orders from the Government that he should or should not prosecute in particular cases. In political cases, e.g., sedition, he may seek the views of the appropriate Ministers, but he should not receive instructions.

That has always been my point.

He may consider broad questions of public policy, but he should not be influenced by Party political factors. Ministers may not be questioned in the House as to what advice the Law Officers have given, although they may be asked whether they have sought such advice. With regard to the withdrawal of the prosecution of Campbell, the Communist editor of the *Workers' Weekly*, which led to the downfall of the first Labour Government in 1924, Sir Patrick Hastings, the Attorney-General, later said that his decision was not made at the request of the Labour leaders, although he was aware of their opinion. The fact that the Attorney-General consults informally and selectively, Sir Jocelyn Simon points out, emphasises that both the decision and the responsibility are his alone. This makes his position anomalous in relation to the doctrine of collective Ministerial responsibility.

But on the other point of seeking the advice of his colleagues, there are clear precedents, and in the material to be annexed to *Hansard* I will just read the following:

In order so to inform himself, he may, although I do not think he is obliged to, consult with any of his colleagues in the government, and indeed, as Lord Simon once said, he would in some cases be a fool if he did not.

Well, I don't want to follow the advice of my friend in that regard and be a fool. I will table that document.

**Senator Frith:** Honourable senators, I never had any feelings that the Minister of Justice needed my advice in order to be a fool.

In any event, I should like to ask now a question that, in my respectful submission, is not connected with the citation he has given, because what we are asking here is not for a judicial review of his decision but for information. We are asking for information in a house of Parliament.

● (1540)

That brings me to the meeting about which he invited us to ask questions. I would therefore ask him: who attended that meeting, and was it at his request that the meeting took place?

**Senator Flynn:** Yes, it was at my request, on the advice of my officials. My officials advised me to call that meeting even before I knew about the problem. They said, "There is a question that we want to put to you, and we suggest that such a meeting should take place."

If there were any sinister purpose in having that meeting, I could have called on two of my colleagues, the Solicitor General and the Minister of Transport, and the three of us could have discussed the matter alone. However, officials of the three departments were present. At 8 o'clock I was told, "You have to see them at 8 o'clock."

I could tell the honourable senator who was there from the Department of Justice. It was Mr. Don Christie, Associate Deputy Attorney General; Mr. Douglas Rutherford, Mr. Lawson Hunter, Mrs. Ingrid Hutton, and Mr. Roger Leclaire. Those persons were from my department. I know that Mr. Bertrand was there from the other department, also Mr. George Post, Deputy Minister of Consumer and Corporate Affairs, and Mr. Jean Claude Thivierge, Deputy Director. There were two other officials from the Bureau Services Branch: Mr. George Orr and Mr. William Carroll. I did not know the other officials.

If we had anything to hide, then it was a very poor place for that, as events have revealed.

**Senator Frith:** The honourable the minister would say, of course, that there was nothing to hide. What was the interest of the Minister of Transport in this consultation? Was he advising on matters of law?

**Senator Flynn:** I do not know whether the honourable senator has read what I said previously. I said it was in connection with trucking, which involves federal legislation dealing with transport.

**Senator Frith:** Did his interest in trucking lead to some question as to whether or not there should be a prosecution, or whether the prosecution should be delayed?

**Senator Flynn:** I said yesterday that there was no question of delaying the prosecution. I asked for further information. I would be willing, in fact, to confide the whole file to my honourable friend if he would regard the information as being confidential. I would urge him once and for all to understand

the responsibility I have, and which he has, to let me decide the matter on its merits and not by being pushed, such as he is trying to do at this time. I have that responsibility. What is the honourable senator trying to do? Is he trying to push me into saying yes or no? Is he trying to tell me on which side he wants me to fall? At least then I would know what kind of advice he is giving me.

**Senator Frith:** The question is entirely one that is found in the terms of the answer just given, which is: Is the decision being made on the merits of the matter, and will the minister tell us what are those merits?

**Senator Flynn:** I have said repeatedly that I would decide on the merits alone on all the relevant aspects. Does the honourable senator wish to give me advice on what is or what is not relevant? Does he want to discuss this matter in public? Does he want to prejudice the case on one side or the other? Is that his intention? If it is not, that nevertheless is what he is doing.

**Senator Frith:** The answer is yes, I do want to know what are the relevant issues. If the issues are purely questions of the report, as to whether the evidence found in the investigation by the director disclosed an offence under the act or under the Criminal Code, then I am not concerned; I am not asking about that. I am asking: Is that the only issue? My further question is—and it is a perfectly proper and relevant question for the people of this country, for the legislature and this house of Parliament: Is that the sole consideration, or, if the Minister of Transport was present at the meeting, are there any other considerations which, with respect to any citation which the Minister of Justice wants to give, are relevant in the political and legislative domain?

If the honourable the minister is telling me that the Minister of Transport was present to talk about legal questions—which are clearly within the jurisdiction of the Minister of Justice—that is in order. I am not telling the minister how to decide that. Of course he has to decide that. But if the minister is asking me whether I am trying to say that there are some—

**Senator Flynn:** You are saying—

**Senator Frith:** The minister asked me a question, and I am answering it. The answer is yes. If it is a question of whether he is taking into consideration, in making that decision, representations from the industry, then the decision that the minister has to make is a political decision, not a legal one. If he is saying that the Minister of Transport was there for no other reason than to talk about the law and evidence in the case, then I would accept that.

**Senator Flynn:** Accept whatever you like. I really don't care. It appears to be a hopeless task to make the honourable senator understand what the responsibility of the Attorney General really is. I repeat, probably for the tenth time, that I am going to decide the matter in accordance with my responsibility, as defined in the law; and if the honourable senator is not satisfied with the decision that I reach, he can do whatever he likes. If he is satisfied, I hope he will clamp down on his line of questioning.

**Senator Frith:** Volontiers.



**The Hon. the Speaker:** Honourable senators, is it agreed that the document referred to earlier by Senator Flynn be printed as an appendix to the *Debates of the Senate* of this day, as requested by him?

**Hon. Senators:** Agreed.

(For text of document see appendix, p. 126.)

## GOVERNMENT ORGANIZATION

### DEPARTMENTAL RESPONSIBILITY FOR ROYAL CANADIAN MOUNTED POLICE

**Senator Muir:** I should like to direct a question to the honourable the Minister of Justice. I hesitate to rise in this august body with so many thin-skinned legal beagles on the other side of the house. If you will forgive me, Mr. Speaker—

**The Hon. the Speaker:** Order. Does the honourable senator have a question or a point of order?

**Senator Everett:** Is the honourable senator speaking on a point of order?

**Senator Muir:** I certainly have a point of order, and then a question.

**The Hon. the Speaker:** The honourable senator is on a point of order.

**Senator Muir:** On the point of order, Mr. Speaker, I do not think that this Question Period should be monopolized by one honourable senator in this august body. Certainly others should have an opportunity to ask questions. With your permission, Mr. Speaker, may I ask a question?

**The Hon. the Speaker:** Continue.

**Senator Muir:** My question is directed to the Minister of Justice and the Leader of the Government. I hesitate to ask the Leader of the Government a question because I obtained my law degree in the coal mines of Nova Scotia, although after hearing the questions which have just been posed in this house, even I, having come from the coal mines, can understand how ridiculous they are. I spent 22 years in the other place, and I do not think that any honourable member there would be allowed to get away with anything like we have seen in this chamber today.

My question is: Is the government giving consideration to the placing of the RCMP under the jurisdiction of the Minister of Justice rather than the Department of the Solicitor General? This is no reflection on the present Solicitor General, but many people, including senior officials of the RCMP, feel as I do that the RCMP should come under the jurisdiction of the Department of Justice.

**Senator Flynn:** I suppose that after the questioning by Senator Frith, no one would want the Minister of Justice to take over any further responsibilities. My reply is that I have not heard of any such intention, and I would say that so far as the present Minister of Justice is concerned he would not want to have the RCMP under his control.

**Senator Muir:** May I ask the Honourable the Leader of the Government whether he will give this legitimate question due consideration and bring it before his cabinet colleagues, because there are those within the senior echelons of the RCMP who are vitally concerned about this matter and would like to see this done?

**Senator Flynn:** I will.

## THE ECONOMY

### EXCHANGE VALUE OF CANADIAN DOLLAR

**Senator Everett:** I wish to direct a question to the Minister of State for Economic Development. Approximately a week ago I asked him whether the statement of the Governor of the Bank of Canada, made at the time the bank rate was increased, indicated that it was now the policy of the central bank and the Government of Canada that there be a floor under the Canadian dollar. I wonder whether the minister has been able to obtain an answer.

● (1550)

**Senator de Cotret:** I have asked the Minister of Finance to give me a written answer to that question, but I have not yet received it. As soon as I do I will be very happy to communicate it to you.

## THE SENATE

### CONDUCT OF QUESTION PERIOD

**The Hon. the Speaker:** Honourable senators, I hesitate to intervene, but it is obvious that events are galloping along here rather fast. We are overlapping many things. We have had honourable senators rising on questions of privilege which have not yet been decided by the Chair, and because they have not been referred directly to the Chair we have had points of order raised, followed by questions. We have had a senator rising on a point of order, or, I should say, not strictly a point of order, but asking a question.

I am not being critical, but I notice senators looking at me and wondering why I am not intervening, I think I should point out at this time, to those who may not be aware of the situation, that it is a traditional convention of this place that the Speaker does not normally intervene except to preserve decorum. I have not yet noticed our being at the point where decorum is not present, although I did begin to suspect that we might be getting close to it. The other time when the Speaker is expected to intervene is when he is directly appealed to to decide or dispose of a point of privilege or a point of order.

The tradition in the Senate is that senators themselves, as mature legislators, can decide these things and work out these problems among themselves. I can assure honourable senators that I am having the greatest difficulty in retaining my objectivity in view of certain past responsibilities that I have had in this place. It is not easy for me not to intervene, but I do realize the reasons why I should not.

Perhaps I should recall to you rule 20, which relates to the conduct of the house in Question Period. It says:

(1) When the Speaker calls the question period, a senator may, without notice, address an oral question—

The rest of the rule is there, and honourable senators may read it.

I would like to call attention also, in a particular manner, to paragraph (4). I am not saying that it is my intention to enforce this rule. I merely draw it to the attention of senators for their consideration with regard to the extent to which it should apply. This paragraph reads as follows:

A debate is out of order on an oral question, but brief explanatory remarks may be made by the senator who asks the question and by the senator who answers it.

I leave it to the judgment of honourable senators as to what is the meaning of the word "brief".

**Hon. Senators:** Hear, hear.

**Senator Smith (Colchester):** Honourable senators, as one of those—and I am perhaps the only one—who raised a question of privilege, I hope it will have been noted that I did not appeal to the Speaker to rule on the question of privilege, but, rather, I brought it to the attention of the house, though a little more warmly than some might have appreciated, and a little more warmly than I might have done in other circumstances. However, I specifically refrained from appealing to His Honour the Speaker, and I appreciate that he has now made it very clear that perhaps I followed what might have been a reasonable practice in not doing so.

## BRITISH COLUMBIA

### TREATMENT OF DRUG ADDICTS—JUDGMENT OF COURT OF APPEAL

**Senator Perrault:** I have a question for the Honourable the Minister of Justice which relates to a recent British Columbia Appeal Court decision which struck down that province's program—both compulsory and voluntary—for the treatment and rehabilitation of people addicted to drugs, especially heroin. The minister will know that this is a serious concern in British Columbia, and in many other parts of Canada as well.

It may not be possible for the minister to provide a complete answer today, but if the various provincial actions in this field are now ruled constitutionally invalid, what are this government's plans to take action at the federal level to deal with this very serious problem?

Secondly, the province of British Columbia is reported to have invested something like \$5 million in this program, now judged invalid, and employed a staff of some 300 people. Does the federal government have immediate plans for legislation, or other action, to help recoup a substantial loss for the people of that province if the whole program is to go down the drain?

**Senator Flynn:** Honourable senators, I have already met with Dr. McClelland, the Minister of Health for British Columbia, and with the Deputy Attorney General, Mr. Vogel.

[The Hon. the Speaker.]

Mr. Gardom, the Attorney General, could not attend the meeting.

We have reviewed that case. There is some difficulty in deciding whether the British Columbia Appeal Court decision means that the whole act concerning this program is *ultra vires*, or if only the provision concerning compulsory treatment of heroin addicts is *ultra vires*. In any event, we have discussed the situation, we shall seek clarification of that part of the judgment, and I understand that leave to appeal to the Supreme Court of Canada has been applied for. There are ways of, let us say, continuing the program in the meantime. There are other ways that have been explored, with the object of finding a solution which would enable the program to continue, for example, without any compulsion, if it is decided by the Supreme Court of Canada that compulsion is *ultra vires*.

## THE ECONOMY

### INCREASE IN PRICE OF PETROLEUM PRODUCTS

**Senator Haidasz:** Honourable senators, I would like to ask the Minister of Industry, Trade and Commerce whether he is aware that the nearly 1 per cent rise in the consumer price index announced earlier today verges on double digit inflation, and that this is mostly due to the increased cost of petroleum products. I would like to ask him further what action the federal government is taking to keep down prices, and especially the outrageous price of petroleum products which Premier Lougheed is demanding, which are to the detriment of the people of other provinces of Canada.

**Senator de Cotret:** First of all, yes, I am aware of the increase in the consumer price index. Secondly, yes, we are concerned about the increases in petroleum prices. I think it is fair to say that we have identified very clearly, in relation to our terms of office, that we consider inflation to be the number one problem facing this country.

I was going to say that I am not at liberty to discuss press reports. I am, of course, at liberty to discuss such reports, but I have no intention of discussing such reports with regard to what Premier Lougheed might or might not want to do, or what, for that matter, Premier Lougheed has or has not presented to the federal government. As you know, the whole question of energy prices is under very active discussion and review by the federal government in consultation with the various provinces, and a policy will be announced very shortly.

**Senator Haidasz:** A supplementary question. When can we expect an announcement of the government's policy on the so-called Ottawa increase in the price of petroleum products?

**Senator de Cotret:** Shortly.

**Senator Argue:** I wonder if I might ask another supplementary question. This arises out of the great concern of agricultural producers that the cost of fuel not escalate, since this, by itself, would result in a very serious increase in the price of food. Has the government under consideration a policy of taking action by way of subsidy, or some other kind of



assistance, that would result in holding down the cost of fuel to agricultural producers, even at a time when fuel costs are going up?

● (1600)

**Senator de Cotret:** In answer to your question I can honestly tell you that we do have under consideration a variety of measures or programs that would deal with Canadians who might be more adversely affected or less able to absorb certain energy cost increases that may be coming down the road.

**Senator Argue:** I appreciate the minister's answer. I just emphasize that not only is it important to the farmer as a producer that he has some control over his cost of production, but it is also important to the consumers of Canada that every possible step be taken to keep down the price of food.

**Senator de Cotret:** I take your comment and I reiterate that we have under very active consideration this whole consultation that is now going on on energy pricing and on energy self-sufficiency.

## THE PUBLIC SERVICE

### POSSIBILITY OF ESTABLISHING JOINT PARLIAMENTARY COMMITTEE TO STUDY EMPLOYMENT CONDITIONS

[Translation]

**Senator Marchand:** I have only a short question to ask the Leader of the Government. In view of the reply I received from the Minister of State for Economic Development concerning the D'Avignon report, I want to say that I had the opportunity to glance at this report yesterday. No, I am sorry. I think it was the Leader of the Government rather than the honourable minister who gave it to me. However, when we add to this the statement by the Minister of Supply and Services concerning pork-barrelling and the great upheaval that has occurred in the last few months in the public service, I wonder—and I refer here to the answer I received—if it would not be a good idea to ask a joint committee of the Senate and the House of Commons to study this whole problem.

I know that this could not be done in a single day since the wheels of democracy turn rather slowly in this regard, but could we be told as soon as possible whether the government has really made such a decision so that we may alleviate the concerns of hundreds and thousands of public servants? This question is certainly vitally important for the honourable Minister of State for Economic Development if he wants to do something more in his job than has been done until now.

**Senator Flynn:** I do not believe that a decision has been made at this time. However, I believe that the suggestion is valid. I shall certainly discuss it with my cabinet colleagues. Similar suggestions will probably be made in the other place also. I do not think that there are any objections to this; quite the opposite.

[English]

## THE ENVIRONMENT

### POLLUTION BY ACID RAIN

**Senator Flynn:** Honourable senators, I know it is late, but I have a few short answers to previous questions. Senator Steuart asked: Will the government promote projects that might add to acid rain pollution? The obvious answer from the minister is: No, not without adequate safeguards.

**Senator Steuart:** Honourable senators, I appreciate the answer given to me by Senator Flynn, but I did ask a supplementary dealing specifically with the pollution threat by the building and operation of the hydro development in Coronach, Saskatchewan, which is near the American border with Saskatchewan. I asked if the Leader of the Government could give me some assurance that the government has indicated to the International Joint Commission that it supports the development of this plant, and if it has received any assurance that this will not add to the pollution in that area.

**Senator Flynn:** I will inquire about this specific case. This construction was started a long time ago. My reply applies to future plants that could create that problem. However, I will inquire as to the specific case to which Senator Steuart refers.

## VISIT OF PRESIDENT OF THE UNITED STATES

### AGENDA—CANADA-UNITED STATES AGREEMENT ON AUTOMOTIVE PRODUCTS

**Senator Flynn:** In answer to Senator Bosa's question of Tuesday regarding the auto pact, I have ascertained that while the agenda has not yet been finalized for the discussions next month between Prime Minister Clark and President Carter, the auto agreement is obviously of great interest to each nation, and it would seem likely that the automotive industry would be included in those talks.

## GRAIN

### STATUS OF GOVERNMENT ADVISORY GROUP

**Senator de Cotret:** Honourable senators, I also have answers to provide to questions that were asked yesterday. Senator Steuart asked a question with respect to the grains group. He asked whether there were any specific reporting changes made with respect to the grains group. The answer is: No, the grains group is still reporting as it always has. It is under the chairmanship of the minister responsible for the Wheat Board. However, the funding for the grains group is under the budget of the minister responsible for industry, trade and commerce.

Senator Steuart also asked a question concerning the renewed mandate of the grains group. I should like to point out that it is not a question of mandate renewal; it is a question of mandate review. This review takes place every two years. The review date was up earlier this year just prior to the general election, and it was postponed for six months. The review is now under way. It is the intention of the minister responsible for the Wheat Board and chairman of this group to recom-

mend not only a renewed but also a strengthened mandate for the grains group. This review will be completed very shortly. I hope those answers adequately respond to the questions that were raised yesterday.

### SPEECH FROM THE THRONE

#### MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Bielish, seconded by Senator Charbonneau, for an Address in reply thereto.

**Senator Nurgitz:** Honourable senators, it is with both humility and a sense of duty that I rise to support the Speech from the Throne and make my maiden speech in this chamber. Believing that I would be speaking yesterday, I listened very carefully to the speeches on Tuesday night, and knowing what I have to say and how long it will take me to say it, I want to warn honourable senators that my remarks will not have the brilliance or the depth of Senator Lamontagne's comments, or the wit and charm of my good friend, Senator MacQuarrie, but, hopefully, honourable senators, you will remember my first speech for its brevity.

May I, first of all, say how pleased I am to address you, Mr. Speaker, and join with others in extending to you best wishes on your appointment to your present responsibilities and my personal good wishes for the months and years ahead. I know that on this occasion one should not be too partisan but, aside from wishing you good health, I do want to say that I wish you many years in the Chair.

Before addressing myself to the Speech from the Throne, I should like to take a moment or two to speak of my native province, the province I seek to represent with others in this chamber. It is hard for me not to be just a little emotional in thinking about my province and my country in addressing you on this, my first occasion. Manitoba was, as you in this chamber know, one of those areas of Canada to which came many who sought refuge from poverty and oppression abroad to begin their lives anew after unlimited suffering and deprivation. In the early 1900s there was a large tide of eastern European immigration. Among those refugees were my own parents who were coming from what was, in their youth, Czarist Russia, what later became, before they left, the Soviet Union, and what would now be part of the Ukraine. They came to begin some sort of new life. They sought not very much, yet I guess they really sought everything. They sought freedom from anti-Semitism and oppression, freedom from hunger, and freedom to work and to provide for themselves. They built their lives humbly, like so many thousands of others—long hours at the sewing machines in the garment factories for my father, and care and concern for the home and the family for my mother. They endured all of this in their own quiet way, and I never heard a complaint. They accepted and made the best of their lot in life, and hoped and wished only for their children to have better, and they did. For them

life was always a struggle, yet in Winnipeg, in Manitoba, in Canada, in our great country, they could build, they could aspire to send their children to school, they could live and worship freely as citizens and as human beings, they could nourish their family and, above all, they could live without fear.

• (1610)

My own involvement in the public life of my province, my country and my party is very much a response to my great sense of debt to Canada for the opportunities my parents and their children received from a young and growing nation. There were, I am sure, many who had greater opportunities, but none who appreciated more the opportunities they had.

For a moment, if I may, honourable senators, I should like to mention briefly my house leader in this chamber, my honourable colleague from Manitoba, a former premier of that great province, who has throughout my life in politics been my idol and mentor. He has served here with great distinction, and he made himself an outstanding Manitoban when he was premier of that province.

**Hon. Senators:** Hear, hear.

**Senator Nurgitz:** On this occasion an expression of admiration and respect for him seems particularly appropriate.

Before speaking in support of my government's Throne Speech, may I say one final word by way of introduction. Although my partisan commitment is very deep, and one of intense conviction, I see it as my responsibility to work with all honourable senators to serve my country and my province in this chamber, and I intend to do so to the very best of my ability.

Honourable senators, in my view, the Speech read by the Governor General represents a sound, coherent and reasonable approach to the challenge facing Canada. There are some who have criticized it for not promising enough. I applaud a government that prefers promises it can keep to unfilled promises that spread further cynicism and alienation. On that note, let me say how impressed I have been in my first days here. I hope, honourable senators, that these active Senate days continue, and if they do so I am satisfied that the kind of criticism one has heard of this chamber and its members will turn to admiration and respect.

My observation of the performance of so many here has impressed me greatly. I speak of both sides of the Senate when I say that. I hope that after listening and learning I, too, will make some small contribution to these deliberations and to the workings of this chamber.

The program offered in the Speech from the Throne seems to me, at least as a novice—I noticed Senator Frith said he was one of the new boys, and if he is a new boy I guess I am a babe—to be a reasonable program of sound administration, needed parliamentary reform, needed protection of individual freedoms and worthy economic and social goals. It is premised upon working with Canadians and with other provinces, and I believe that is a necessary change.



Working with the provinces is giving away the store for some. I believe that what the Prime Minister understands better than so many in our country is that the store is not his to keep or give away, but is a joint responsibility of all jurisdictions to advance, enhance and protect. That he would first work with his fellow premiers in a spirit of co-operation is a great tribute to this man's courage and leadership.

Surely we all agree that a confrontation method is not a satisfactory one. From my reading of the newspapers, it seems to me that since May 22 the Government of Quebec has not been shooting the kind of shots we heard in earlier days.

Surely, honourable senators, we agree with the words read by His Excellency when he said:

To make federalism work, it is essential to change the attitudes of the past and the federal government must set the example. Accordingly, it is a primary goal of my Government to bring about a new era in federal-provincial relations. Consultation and cooperation will be the hallmarks of that new era. The time has come to reconcile our differences.

Honourable senators, I am pleased to add my support to the Throne Speech, and I commend it to the honourable members of this chamber as a worthy blueprint for progress and good government.

**Senator Olson:** Honourable senators, I should like to open my remarks in participating in the Throne Speech debate by offering my congratulations to you, Mr. Speaker. I am sure the expression has been made, and very sincerely made, a number of times that we are extremely happy with your selection.

We wish you well, Mr. Speaker, although we realize that you are facing a somewhat changed situation. I realize that it will take some patience and some understanding, which we know you already possess, to deal with this change. I welcome the change, and I am certainly not criticizing it. I refer to the fact that we have several ministers of the Crown here. However, we would be remiss in our duty to the Canadian people if we did not examine them on a daily basis, because certainly they have to answer here or else by way of press conference. I am sure you, Mr. Speaker, would agree with me that we in the opposition have a service to perform in this respect, although I suggest that it may take us a little time to adjust to this change.

I would add this. You may also, Mr. Speaker, have to forget some of your admonitions while occupying the position of Deputy Leader of the Opposition. I hope that we will not be reminding you of that too often, although you made some very important submissions when occupying that position. I, for one, am willing to take them in the spirit in which they were offered in defending the position that you occupied at that time.

I think, too, that it is important that we evolve our rules. I say that because not many hours after our first Question Period in this session I heard comments out in the corridor that we have to have some new rules, that we do not have stiff

or rigid enough rules in the Senate to handle the Question Period. They are not as stiff, as rigid and as structured, if you want to call them that, as they are in the other place. I spent many years over there when they were going through the agonizing adjustment of their rules, for reasons that I will not now explain. I agreed with some of those reasons and I disagreed with others.

However, I hope that we will have the good sense—and I am sure that you, Mr. Speaker, will add greatly to the injection of good sense—to evolve, not rigid rules, but practices and that sort of thing, so that this chamber can perform its public duty without getting ourselves so rigidly structured that we hurt this institution in moving along. I know that some honourable senators will get a little impatient from time to time, but in the process of evolution I think we will find what has often been referred to as a reasonable procedure arrived at by reasonable people.

• (1620)

**Senator Roblin:** Hear, hear.

**Senator Olson:** I, for one, want to give an undertaking to you, Mr. Speaker, that, if I can, I will be part of that reasonable approach.

I wish also to offer my congratulations to the mover, Senator Bielish, and the seconder, Senator Charbonneau, of the debate we are now involved in. I am sure that all senators will agree with me when I say that they have demonstrated a keen sense of understanding of the people in the areas they represent, and I wish them well. I particularly express my congratulations to Senator Bielish, who is from Alberta and who comes to this chamber with a wealth of background knowledge of the rural scene in Alberta. I certainly hope that on many occasions we shall be able to find common ground so that we shall be able to promote the interests that both she and I are familiar with because we both grew up in that environment.

To get to the Speech from the Throne, someone has said that it is the usual and normal speech. I have heard many Speeches from the Throne, and they do not outline the total, specific government policies for the session. I am familiar with that. But I am not quite sure that it can be accurately described as "usual and normal," because it seems to me that if it needs a title of some kind it should be entitled the "Three C's Speech"—committees, conferences and commissions. Almost everything of any substance talked about in the Speech from the Throne is going to be referred to some committee, some conference or some commission. That is not the usual Speech from the Throne.

The other thing that is not usual about the Speech from the Throne is the absence of anything respecting what I regard as the most important economic and social issues facing Canada today. For example—and if I missed it, I am sorry, but I read the Speech more than once, so I do not think I missed it—it contains nothing about energy policy; not even to the extent of making a passing reference to it. I know that the government has been involved in this, because I read the newspapers from

time to time, but they did not even indicate that they had come to any decision as to what they are going to do.

I am going to spend most of my time today talking about petroleum prices. They were not mentioned. I know there are discussions going on but, surely, in a document as historic as the first Throne Speech by a new government they should have at least referred to one of the most important problems facing the country. Unfortunately, it is not included.

I was surprised at one other matter that came up after the Speech from the Throne. I want to mention it at least in passing. It is the matter of the answer I got a few days ago from the Minister of State for Economic Development about the effect of rising interest rates in Canada.

It seems to me that the first thing that this government really ought to establish is its credibility. I know it is going to carry out some of its election promises simply for the purpose of establishing credibility, although events since the election must have persuaded the government that the people of Canada are not interested in the government's keeping such promises as dismantling Petro-Canada and moving the Canadian embassy in Israel from Tel Aviv to Jerusalem. There are many other matters.

I can understand that the government is going to pursue its election promises in order to establish some credibility, so it is going to make at least an effort to keep them. But it seems to me, if it wants credibility, that the government should avoid the kind of statement the Minister of State for Economic Development made in this house when he said that rising interest rates have no direct relationship to bank profits. There is no doubt that he is a distinguished economist, but he also attributed to the Minister of Finance the statement that the Minister of Finance is unable to see any direct relationship between rising interest rates and bank profits. This was, of course, in response to a question I asked as to what he was going to do about the windfall profits going to the banks because of these rising interest rates. If he wants to establish some credibility, that is not the right kind of statement to make.

I can precisely indicate, honourable senators, if you wish me to, exactly what happened to bank profits during those months in which interest rates were rising, as reported by the banks on a quarterly basis, as they are required to, starting, for my purposes, with July, 1978.

I did not say it was the fault of this government, although, when in opposition, they said a lot about the previous government's responsibility to keep interest rates down. But to say that there is no relationship, in my view, is a ridiculous statement.

The published statements of the banks, dated October 31, 1978, show that the profit of the Royal Bank for that quarter, compared to the profit for the same quarter the year before, went up by 38.5 per cent; that of the Bank of Commerce by 28 per cent; that of the Bank of Montreal by 58.6 per cent; and that of the Bank of Nova Scotia by 29 per cent, and so on down the list. This was during a period when there were these

rapidly escalating interest rates, which, of course, everyone knows are triggered by whatever the Bank of Canada does. It sets the lending rate; the chartered banks set the prime rate; and then all the customers pay whatever their negotiated position is with the bank as to so much over the prime rate.

I also remind honourable senators that this has continued. I also happen to have before me the published statements of the profits of the banks for the third quarter of 1979. I am not going to spend any time on this today because there will be another opportunity. The percentage increase is not as great, but it is still increasing. I still take the position that these rates are regulated by the Bank of Canada, and that windfall profits that accrue to corporations such as the banks really ought to be looked at very carefully to see if there is not some way to recover such profits from those banks and use them for something of economic benefit to Canada—perhaps for such a purpose as helping those people who will be severely hurt by higher interest rates. Perhaps they should be used for helping those who are going to be hurt severely.

● (1630)

I do not wish to argue that the interest rate should not move in defence of the Canadian dollar or in defence of foreign investment, with the risk of an exodus of large amounts of capital from Canada. That is not the argument. The argument, honourable senators, is that to some people and to some businesses in Canada, very severe economic damage is being done by the escalation of interest rates.

It is not a small group of people or businesses that will suffer severe economic damage by this escalation of interest rates. Almost all loans from banks are out at prime plus. In other words, they do not have any fixed rate such as 9 per cent, 11 per cent, 12 per cent or 13.75 per cent. It is prime plus some other figure, and it might go up again.

In budgeting for revenue, many businesses have not taken into account the matter of a 50 to 70 per cent increase in the cost of capital for inventory, or for whatever purpose they use bank credit. I do hope the government takes this matter seriously, because there are people who are caught absolutely helpless in these situations. They cannot pay their debts because they have no control over the escalation of interest rates. As I said, I hope the government takes this seriously, because the banks are now reaping windfall profits as a result of these escalations. I hope the government does not dismiss it, thinking there is no relationship between the two.

Honourable senators, I now wish to turn to another matter, that of petroleum prices in Canada. It is popular across Canada to condemn Alberta for wanting to move petroleum prices closer to international levels. As a matter of fact, there was a commitment given by the previous government that it was going to move petroleum prices gradually to narrow the gap, if that is the right phrase. What in fact happened in 1979, at least, was that the gap widened. The international price went up faster than any increase in the domestic price, which went up by a dollar a barrel on January 1 and another dollar a barrel on July 1.



I think we should look behind this a little more to see whether or not it is beneficial to all of Canada to have petroleum prices move up, and also to see what is going to follow if they do not.

We are going to have to practise a little more conservation in Canada, and nobody disagrees with that. It has been said on a number of occasions that Canadians are the largest users of hydrocarbons in the world. I suppose that is true, but it must also be taken into consideration that we live in a climatic zone where we need to use huge quantities of these products for heat in the winter. We use more hydrocarbons for heat than does the United States and, indeed, many other countries. However, despite that fact, I think everybody would agree that there is room for more conservation in Canada.

There does not seem to be any other solution that has proved more effective in conservation than moving the price up so as to discourage those who have the option of using more fuel from using it. I do not think there is much disagreement on that.

A second matter that comes up, and I am sure most people do not understand it, is that we cannot continue to live under the illusion that all oil in Canada is cheap oil. First of all, I should make one thing very clear, that is that there are sufficient petroleum products already discovered in Canada to last us for not decades but for—I was going to say hundreds of years, and probably that is true. However, most of those petroleum products are more expensive to produce than simply draining off the top 20 per cent of a light and medium crude field. There does not need to be the argument that we do not have enough oil in Canada, because it is not true.

I read a report not long ago indicating that if all the heavy oil, tar sands and oil in conventional fields were added up, Canada would probably have about five times as much oil as the Middle East, but the cost of recovering it and putting it into usable form is very much higher. I think Canada has to face that fact. We are no longer able to take just the top 20 or 30 per cent out of the so-called conventional oil fields and have that put into the market, and think that can go on forever.

I am not going to make my speech today on the cost of putting heavy oil or tar sands oil into service stations or into the tanks of heating oil distributors, because I am sure that has been discussed at length.

At page 11 of the *Ottawa Citizen* of Wednesday, September 19, 1979 there is the following headline: "Insiders admit inefficiency of oil business 'tragic' ". I will quote just briefly from that article. It reads:

Oil men could vastly improve Canada's energy outlook by working harder in their own back yards to exploit known supplies, say federal, provincial and industry spokesmen.

Industry tradition is that the tax system reward leaves behind at least two-thirds of oil which has already been found, while drilling shifts to ever more costly, sensitive northern and offshore zones.

The article goes on to state:

—overall average rates of recovery from reserves still hover around 30 per cent—

Honourable senators, I am not talking about heavy oil, but conventional oil. About 30 per cent of conventional oil is all we are getting at the moment. These experts state that this is quite an improvement because a decade ago we could expect to get about 20 per cent of that oil.

● (1640)

The article also states:

The methods needed for more efficient production are so different they are likened to finding new oil fields—

To increase the recoverability from these fields will be expensive. There are many new technologies coming in—steam injection, water flooding, and other technologies of that nature. I am not going to try to explain those to honourable senators, but I think we should look very seriously at giving some direct incentives to those oil companies that are willing to carry out research in that field. They should be rewarded. The Alberta government is already doing just that.

Those people who criticize the Premier of Alberta and his government for some of the positions they are taking should realize that the giving of incentives and rewards for increasing recoverability from the fields and discoveries that are already known is a very important part of Alberta's energy policy. I hope that the federal government takes that into account, too. Some people think that, with depletion allowances and a number of other things, they already have a great advantage, but if we want to do Canada a service, and if the government wants the oil industry to be of service in the government's objective of self-sufficiency by 1985 or 1990, incentives and rewards provide a very specific, and probably the most useful, inducement.

The tax incentives have not been specific enough, and an examination of that area ought to be carried out. When you come to the bottom line, you find it is going to cost more money to bring this oil to the surface and put it into use. Let us not kid ourselves into believing that the oil companies or the provinces stand to make a bonanza through increased oil prices. It may be that they can skim off some of the easy, cheap oil at the top of these oil pools and make a few dollars on that—in fact, quite a few—but the oil that will come on stream after that to fill the reserves requirements for Canada is going to cost a good deal more money than the initial discoveries.

I shall have more to say about that matter another time. I think it is so serious that we are going to have to push and continue pushing for a higher recoverability of our conventional reserves, and also to recognize the fact that when we get into such ventures as tar sands oil we will either move the price up, or we will not get those reserves. The reserves are there, but they cannot be produced without much more costly operations.

There is a popular notion across Canada today that there are a whole lot of people out in Alberta who are going to bleed the rest of the country white; that everyone in Alberta is a

millionaire, and then some. They forget that there are constitutional matters involved in some of the proposals that have been made. It happens to be a fact that the resources of Alberta belong to Alberta, and, unless it is changed, I hope that fact will be respected.

The Government of Alberta, I suggest, is managing those resources rather well, as did the previous government. If other provinces wish to put a tax or a royalty on their natural resources, it is their privilege to do so.

I happen to remember when the previous government put a royalty of anywhere from 12½ to 16½ per cent on oil, wellhead value, when it was not very popular to do so. That was a policy that they set out on, and it was done when oil was coming into the east coast for much less than \$3 a barrel and, in some cases, for less than \$2 a barrel. Alberta at that time chose to levy a royalty on what was being produced from the natural resources in Alberta. It would have been very easy to have made an argument to get the government, the administrators, of this natural resource out of the business and lower the price to compete with offshore oil. They chose not to. They have changed to royalty since, particularly in relation to so-called "new oil" and "old oil"—and I am not going to get into that argument. It seems to me that because there now happens to be a flow of money into Alberta's treasury—and it will only last until the oil reserves are used up—there is a legitimate argument to be made for grabbing that money and redistributing it.

I want to say one other thing. The idea has been bandied about that if they cannot achieve redistribution through negotiation, they can circumvent the agreement by some changes in the tax equalization formula, or perhaps the imposition of some harsh federal law in relation to energy appropriation and the right of the federal administration to set prices. I hope that this government is not tempted to do that. I think it is fair to remind honourable senators that Alberta cautioned the federal government and its senior advisers about putting natural resource revenue into the revenues of Alberta many years ago. But when they did it, it moved Alberta out of the area where there were tax equalization payments being made to it. It was a mistake, and now those chickens are coming home to roost. This government has an opportunity to correct that situation by taking natural resource revenue out of the tax equalization formula calculation.

A recent calculation is that for every \$1 a barrel increase in the price of oil the federal treasury has to pay \$65 million to the recipient provinces under the tax equalization formula. It does not take much arithmetic to understand that if the domestic price reaches the international price, which is about \$10 a barrel more than it is now, the federal treasury will have to pay an additional \$650 million to the recipient provinces under the tax equalization formula.

One suggestion is that if the government took natural resource revenues out of that calculation, they would not be caught in that squeeze. The government may not do that, but I suggest that it was the wrong thing to do back when resource revenue was put into that formula in the first place. I would

also suggest that it would perhaps be more difficult now, because there are some provinces that will gain a great deal from the federal treasury simply because the price of oil goes up, with natural gas coming in behind at 85 per cent of the BTU equivalent price of oil.

Honourable senators, I think we should look at this very seriously. While the government might get a few dollars by trampling provincial rights with respect to natural resource revenue, they should consider the longer term implications of doing so. This applies not only to Alberta. It applies to British Columbia and Saskatchewan, and perhaps Newfoundland in time. We have to educate the Canadian people. They have to understand that if they want petroleum products on the scale that they are used to, or even on a more conservative basis, then the oil coming on stream to produce those products is going to cost more than it has over the past few years.

● (1650)

Now, honourable senators, I hope that one other thing will be watched carefully in this chamber, and that is that the committees of this house continue to do the good work they have done in the past. We must take the government's legislative measures from time to time and refer them to a committee where we can see things that can be improved, particularly insofar as they relate to administration. We must make the necessary amendments and send them back to the House of Commons for their concurrence. I hope we can do that with the degree of non-partisanship we have had in the past. In other words, honourable senators, the plea I am making is that while we certainly might display a little partisanship—not very much, but a little—on the floor of this house because of our responsibilities in the Question Period—

**Senator Roblin:** Enough to be interesting.

**Senator Olson:** Enough to be interesting, that is right, but I hope that that is not carried into the committees, because if it is, we shall be doing great damage to this institution, and furthermore we shall be doing a disservice to the people of Canada who expect us to do that job. I am sure the government would not expect us to do any less than fixing up or repairing—"improving," I guess, is the word—the public bills that come here. In spite of the fact that we on this side have a majority here, we would not be expected to do any less. The government over there is somewhat less experienced than the previous one, and so we might expect to get a few more messy bills, so we would not be expected to do any less of that improving during this session.

All in all, I look forward to this session with a great deal of enthusiasm and excitement, because I think we are performing an additional service for the people of Canada. I hope we will not forget what our basic responsibility is—to be the second chamber that takes a look at the government bills and policies and improves them in the way we have done in the past. In doing so, I think we will be doing our service to the people of Canada.

**Senator Smith (Colchester):** Honourable senators, I wonder if I might ask the honourable senator who has just spoken one



question—and it is not intended to be in any way controversial. I just want to understand the point he was trying to make, and which, in fact, he did make very well, namely, that there should be some incentive available to producers to more fully exploit the resources which exist, in the sense of getting more than 30 per cent or whatever it is they get from them now. I did not quite follow whether he meant that that incentive should be partially, at least, in the way of tax incentives or whether he was talking of something else.

**Senator Olson:** Honourable senators, I was talking about two or three things. The tax incentives are only one aspect of it, but certainly the other incentive is that the industry gets some, perhaps a reasonable proportion, of the increase in the price of oil. I mention that because there are some people who feel there should be some surcharge put on all of those, as they are called—and it is not my term—windfall profits. So I think it is a combination of both.

**Senator Marshall:** Honourable senators, although it will be repetitive, I welcome the opportunity afforded me today to participate in the debate on the motion for an Address in reply to Speech from the Throne, and I hope you will bear with me as I grasp that opportunity.

May I, first of all, take this occasion to congratulate you, Mr. Speaker, on your appointment to the Chair of this august chamber, an appointment which you so richly deserve and to which you will add grace.

I would also like to add a word of appreciation to our previous Speaker, Senator Lapointe, who recently retired as a result of the exigencies of our democratic system.

Furthermore, I would like to add words of welcome to the new Gentleman Usher of the Black Rod, Lieutenant-Colonel Tom Bowie, who, I am sure, will carry out his duties with dedication, and whose presence we will respect.

And it is with a sense of comradeship that I welcome the new senators recently appointed, a group of capable and dedicated Canadians, who, I am sure, will contribute much to our deliberations over the coming years.

I was a bit struck, however, by the youth in the new appointments. At one time I thought I was one of the younger ones, but that is all changed, as other things will change.

Finally, honourable senators, I congratulate the mover and seconder of the motion for an Address in reply to the Speech from the Throne, Senators Bielish and Charbonneau, who both exemplified by their words of dedication a capability to serve their country well in this chamber.

It is already some 19 months since I had the honour to enter this chamber, and although I may be considered somewhat of a veteran, I still feel some trepidation in rising before such a body of distinguished Canadians to say a few words which may be of value as part of the many speeches which will be recorded in both houses of Parliament related to the Speech from the Throne. When I entered this chamber, after some 10 years in the other place, I was impressed most by the spirit of non-partisanship which prevailed and which I experienced. And now, as a result of the fortunes of democracy, I am cast

as a member of the government side, I was more than pleased to note that the Leader of the Opposition in his speech, to which I listened attentively, reflected that he and his colleagues will continue to display the same spirit of co-operation that we displayed and offered as members of the opposition.

Surely this statement of co-operation augurs well for the reputation of this chamber, and assures us and Canadian citizens, whose rights we protect, that the positive legislation which will come forth in the future, and which is, indeed, already coming forth, for our consideration will be expedited for our country's benefit.

After listening to the Question Period today, honourable senators, I wonder if the decorum which was displayed in previous sessions will continue.

Senator Nurgitz quoted from the Speech from the Throne, and I too would like to quote from that Speech two short paragraphs which to my mind put into perspective the direction that we must take in guiding our future. His Excellency the Governor General said:

My Ministers were given a mandate to change the direction of the Government of Canada, as we enter the 1980's. The basic purposes of that change will be to enhance the rights, freedoms and opportunities of individual Canadians, and re-establish the spirit of partnership and renewal which are fundamental to our Federation.

The mandate of my Ministers is also to build upon the special strengths of Canada. We front on one mass market and three great oceans, with access to the world. Each of our regions contains vast physical resources which can be the basis of industrial strength well into the future. Confident local identities are emerging—rooted in language, custom and community—and yielding a cultural vitality unique among nations. My Ministers believe that the way to build a whole nation is to respect our individual parts, and you will be invited to consider measures to build upon the diverse regional and cultural strengths of Canada.

Certainly, honourable senators, these words are appropriate. They are appropriate to our new directions. The words, however, are not new, but I repeat that they certainly are appropriate.

● (1700)

It would be so simple for me to blame past governments for our failures and the difficult times we are facing at present, but it surely is obvious that we have serious problems. We have the ravages of inflation and unemployment, and we have the serious task of reconciling economic development and environmental protection. We have regional economic disparity and, unfortunately, we still have poverty. We have a feeling among our middle class that they are being imposed upon. We have a feeling, also, of alienation between citizen and government, and this has to change. Certainly, honourable senators, none of us can claim that we have handled these problems with any degree of wisdom or efficiency.

But despite the seemingly insoluble problems which we keep repeating, we in Canada must not despair, because, despite the evidence of our failures, Canada has been a remarkable success. Our country is a wondrous piece of real estate, rich in beauty, in diversity and in natural resources. Canadians enjoy one of the highest standards of living in the world. We have been a modest force for decency. We are a free nation. Sometimes our freedom is taken too much for granted. But as a result of our richness, we are gaining new stature in the global spectrum. We must build on our strengths and attain the objectives that we strive for, if we only listen to what we preach.

**Hon. Senators:** Hear, hear.

**Senator Marshall:** I have been listening to Throne Speeches for the last 12 years and each time they offer the same words: that there is a need for new directions and new visions; that we must take advantage of our natural resources. These are fine and exemplary words. Indeed, so much so that each time I hear His Excellency read the Speech from the Throne I want to stand up and pledge allegiance to Canada all over again. But, after the eight days of debate, we seem to revert to the common political practice of confrontation. However, the Throne Speech debate gives a good number of us the opportunity to present individual comments related to what we each feel will contribute to Canada's goals.

My contribution to this debate has to do with my province, Newfoundland. My province is certainly one of the regions referred to in the Throne Speech. It contains vast physical resources, has its confident local identities rooted in custom, yields part of its country's cultural vitality, which is unique, and is a region for which we must consider measures to build upon with its rich natural resources.

Honourable senators, obviously the subject that is, and will be, uppermost in all our minds over the weeks and months ahead is energy. In this context I offer Newfoundland's potential in Canada's thrust for self-sufficiency by 1990. I would also point out some of the mismanagement of our resources in the past, both on a federal and a provincial basis, in one small but important area when we take into account Canadian requirements for energy, its economic and social effects, and our particular need for self-sufficiency in Atlantic Canada.

Honourable senators are aware of the potential hydro resources at the lower Gull Island site in Labrador, and also the potential availability of oil and gas deposits off the Labrador coast. It is worthwhile reviewing for a few moments just what has happened with regard to the hydro potential in the past decade, to emphasize the opportunities that were lost.

In early 1974 a report was submitted to the then Newfoundland Government on the feasibility of delivering power to Newfoundland from the Gull Island hydro electric site which would, among other factors, intertie with the Upper Churchill Falls power development when completed. The project would deliver 11 billion kilowatt hours of energy annually, the equivalent of 18 million barrels of No. 6 fuel oil, and it was found at that time, five years ago, that it was technically and

economically feasible. It is significant to point out, too, that if the project had been given the go-ahead in 1974, the cost would have been in the area of \$1 billion.

Important, too, was the fact that the cost of the power delivered would average 12.2 mills per kilowatt hour through 1990, and that power could be brought on stream by 1979—this year when we are grasping for alternative sources of energy.

Here we are in that same year, 1979, when little or nothing has moved. The estimated cost of development now is around \$3 billion. One has to wonder if it is still cost efficient. This year we could have had another 3,000 megawatts of power coming on stream, or the equivalent of some ten million barrels of oil, without mentioning the 2,600 jobs that would have been available over the past five years as a result of the development and the new industry which could have been attracted.

Consider, too, honourable senators, the complete lack of projection of our energy needs at that time when the vast project was undertaken to develop the Upper Churchill—which was an engineering feat unprecedented. What did Newfoundland have to do to finance the project, with all the economic expertise at her command at that time? It had to agree to sell all of its output, except for 300 megawatts, to Hydro Quebec for 65 years, from 1969, for a price of less than three mills. At the going rate of 17 or 18 mills, which Hydro Quebec is reportedly selling it for now, the loss of potential income to Newfoundland is some \$400 million per year. When one considers that the contract has another 55 years to run, with inflation added at 10 per cent a year, how many billions of dollars would Newfoundland have had for a heritage fund?

Certainly in the ten years of the present life of the contract, Newfoundland would have had some \$4 billion, which is a pretty good return on an investment of \$1 billion, if we had gone ahead with the project in 1974. And for the next 55 years, honourable senators, at a 10 per cent inflation rate, who can count the untold millions of dollars that would have accrued to Newfoundland? Certainly at the present selling rate, we are talking of some 22,000 millions of dollars. If I can be permitted to use Smallwoodian jargon, that is millions and millions of dollars.

Reverting to the development of the lower Gull Island and Muskrat Falls, in order to make the project economic now Newfoundland needs 800 megawatts of power from the Upper Churchill, but herein lies a problem because Quebec refuses to return more than the 300 megawatts provided for in the original agreement and is holding a ransom over Newfoundland's head which involves a trade-off of interests. In return for a new contract they seek to establish reservoirs on Newfoundland territory behind power dams on some five rivers flowing south from Labrador across Quebec to the Gulf of St. Lawrence. Unfortunately, they have the upper hand because when James Bay power comes on stream Quebec will be largely self-sufficient and Churchill Falls power will have to be sold on a buyer's market.



So I ask you, honourable senators, with apologies for having to give the boring details, as we strive for self-sufficiency by 1990, as parties blame each other for a lack of energy policy, who in the name of all that is decent were the experts who projected needs for the 1980s back in 1969 when the vast unprecedented Churchill Falls power came on stream? Where were they back in 1969 when they should have been projecting our needs in the seventies and the eighties? Certainly if our economic experts knew what they were talking about, we would now be self-sufficient in energy in Atlantic Canada, and we would not be facing the dilemma of having to subsidize that region for its energy needs, and having it exist on hand-outs from Ottawa.

● (1710)

I ask honourable senators opposite who were in power in the years referred to: Where was the federal government's direction of effort, mentioned in the Throne Speech, to invest in their proposed new visions? Where were their directions in the development of Newfoundland's natural resources that we saw in the annual Throne Speeches? Even if the project goes ahead, we shall still face other problems of transmission of the power to potential markets.

Quebec does not consider that Newfoundland has the right to transmit power across its territory, and obviously insists that we must sell that power to them.

An alternative possibility is to transmit the power across the Cabot Strait to Nova Scotia, to feed into the Atlantic provinces' power grid, and that province has expressed a willingness to assist the Lower Churchill development. However, it would be a much more costly route and would require new technological capability. However, it shows the co-operation offered by that province.

If we take into account the projected Bay of Fundy tidal power, which has a potential of 1,085 megawatts, we in the Atlantic region have a known capacity at this time, with the development of the Lower Churchill, of some 7,000 megawatts of hydro-electric power. Without mentioning other developed, or potential but undeveloped, sources, the Atlantic provinces could become self-sufficient in their energy needs, and again

would not have to depend on outside sources for the provision of energy.

I understand that 7,000 megawatts of power would produce 28 million barrels of oil and would represent 6 per cent of Canada's total production. The Atlantic region is dependent, for 82 per cent of its energy, on oil. That speaks for itself. We should take advantage of our natural resources, about which we heard in the Throne Speech, and we should get on with the job of developing and making Atlantic Canada self-sufficient. That is a realistic proposal.

This type of development of our natural resources will change the direction of government in the 1980s, as mentioned in the Throne Speech, and this type of project will re-establish that spirit of partnership and renewal so fundamental to our federation.

There are many other points that I would like to mention, but the hour is getting late. Finally, I would like to say that we in eastern Canada have serious economic and social problems, such as the disease of poverty, unemployment, and the highest cost of living in the country. It seems to be beyond our ability to cope with such problems.

The Prime Minister has already shown unprecedented action in yielding control over offshore resources to coastal provinces, and has set an example of the new harmony and co-operation that will prevail in our federal system. Hopefully, as a result of this new spirit of co-operation, the eastern provinces—those provinces which are embarrassingly termed “have-not” provinces, and I include Quebec—will receive an injection of renewed hope. Not only will it allow the Atlantic provinces to reach new economic goals, but it will allow them to shake off their dependence on equalization payments. Although the details of working out the implications of such control will require long and detailed federal-provincial examination, it brings new hope to the poorer regions of this country.

It is for this reason, honourable senators, that I feel confident that the Throne Speech has already shown the meaningful intent of the Prime Minister to re-establish the spirit of partnership which is fundamental to this great nation of Canada.

On motion of Senator McElman, for Senator Austin, debate adjourned.

The Senate adjourned until Tuesday, October 23, at 8 p.m.

## APPENDIX

(See p. 115)

COMBINES INVESTIGATION ACT AS IT RELATES  
TO THE DUTIES OF THE ATTORNEY GENERAL OF CANADA

The essentials of the *Combines Investigation Act* in relation to the Attorney General of Canada and the Director of Investigation and Research are these. The Director is required to cause an inquiry to be made with a view to determining the facts where:

- (i) six Canadian residents are of the opinion that an offence has been or is about to be committed contrary to the Act and they apply to the Director for an inquiry;
- (ii) the Director has reason to believe that an offence has been or is about to be committed; and
- (iii) whenever the Director is directed by the Minister to make an inquiry.

The Director is vested with broad investigatory aids such as requiring individuals and corporations, with the prior approval obtained ex parte of a member of the Restrictive Trade Practices Commission, to deliver statements in writing and under oath containing details with respect to a person's business including full disclosure of all contracts or agreements pertaining to the business of such person. The Director may also, with the prior approval obtained ex parte of a member of the Restrictive Trade Practices commission, enter any premises on which he believes there may be evidence relevant to matters being inquired into and may copy and take away documents from such premises. He may also on ex parte application request a member of the Commission to order persons to be examined on oath in relation to an inquiry.

An inquiry may be brought to the attention of the Attorney General of Canada under section 13 or 15 of the Act. The former provides that where in the opinion of the Director the public interest so requires, he may apply to the Attorney General to appoint and instruct counsel to assist in an inquiry. Section 15 provides that the Director may, at any stage of an inquiry, remit any evidence to the Attorney General of Canada for consideration to determine whether an offence has been or is about to be committed, and for such action as the Attorney General may be pleased to take.

In dealing with a case which has been referred to him the Attorney General is unquestionably entitled to obtain information and advice from whatever sources he sees fit including his

colleagues in Cabinet. The course of action which he adopts in particular cases must, however, in the last analysis be his decision. The Attorney General does not act on directions from his colleagues, other members of Parliament or anyone else in discharging his duties in the enforcement of the law. On the other hand he must, of course, be prepared to answer in Parliament for what he does. These principals are well known and established not only in Canada, but in the United Kingdom and elsewhere where the system of Parliamentary democracy exists.

The best statement of the question that I am aware of is to be found in a work prepared by Professor Edwards of the University of Toronto entitled: "Law Officers of the Crown". This is said at page 223:

"I think the true doctrine is', Sir Hartley Shawcross declared, 'that it is the duty of an Attorney General, in deciding whether or not to authorize the prosecution, to acquaint himself with all the relevant facts, including, for instance, the effect which the prosecution, successful or unsuccessful as the case may be, would have upon public morale and order, and with any other consideration affecting public policy. *In order so to inform himself, he may, although I do not think he is obliged to, consult with any of his colleagues in the government, and indeed, as Lord Simon once said, he would in some cases be a fool if he did not.* On the other hand, the assistance of his colleagues is confined to informing him of particular considerations which might affect his own decision, and does not consist, and must not consist, in telling him what that decision ought to be. The responsibility for the eventual decision rests with the Attorney General, and he is not to be put, and is not put, under pressure by his colleagues in the matter. Nor, of course, can the Attorney General shift his responsibility for making the decision on to the shoulders of his colleagues. If political considerations which in the broad sense that I have indicated affect government in the abstract arise it is the Attorney General applying his judicial mind, who has to be the sole judge of those considerations'."



## THE SENATE

Tuesday, October 23, 1979

The Senate met at 8 p.m., the Speaker in the Chair.  
Prayers.

### LIBRARY OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN COMMONS  
MEMBERSHIP

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Froese, Bosley, Campbell (Sarnia), Elliott, Fish and Higson had been substituted for those of Messrs. Hawkes, McLean, Kushner, Ellis, Bradley and Binks on the list of members appointed to serve on the Standing Joint Committee on the Library of Parliament.

### PRINTING OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN COMMONS  
MEMBERSHIP

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. Yurko, Thacker, Stewart, Speyer, Reid (St. Catharines), McDermid and Kilgour had been substituted for those of Messrs. Binks, Bradley, Ellis, Gurbin, McLean, Hawkes and Lambert (Edmonton West) on the list of members appointed to serve on the Standing Joint Committee on the Printing of Parliament.

### RESTAURANT OF PARLIAMENT

STANDING JOINT COMMITTEE—CHANGE IN COMMONS  
MEMBERSHIP

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the names of Messrs. McKinley, Graham, Bradley and Lewis had been substituted for those of Messrs. Halliday, Scott (Victoria-Haliburton), Crouse and Scott (Hamilton-Wentworth) on the list of members appointed to serve on the Standing Joint Committee on the Restaurant of Parliament.

● (2000)

### CANADA NON-PROFIT CORPORATIONS BILL

FIRST READING

**Senator Roblin** presented Bill S-7, respecting Canadian non-profit corporations.

Bill read first time.

**Senator Roblin** moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

### FUGITIVE OFFENDERS BILL

FIRST READING

**Senator Roblin** presented Bill S-8, respecting fugitive offenders in Canada.

Bill read first time.

**Senator Roblin** moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

### DOCUMENTS TABLED

**Senator Roblin** tabled:

Report of the number and amount of loans to Indians made under section 70(1) of the *Indian Act* for the fiscal year ended March 31, 1979, pursuant to section 70(6) of the said Act, Chapter I-6, R.S.C., 1970.

Capital Budget of the Northern Canada Power Commission for the fiscal year ending March 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-825, dated March 22, 1979, approving same.

Report of the President of the Social Sciences and Humanities Research Council for the fiscal year ended March 31, 1979, pursuant to section 21 of the *Social Sciences and Humanities Research Council Act*, Part I of Chapter 24, Statutes of Canada, 1976-77.

Capital Budget (Revision No. 3) of Central Mortgage and Housing Corporation for the year ending December 31, 1978, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1979-796, dated March 15, 1979, approving same.

Capital Budget of Central Mortgage and Housing Corporation for the year ending December 31, 1979, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1979-206, dated January 25, 1979, approving same.

Capital Budget (Revision No. 1) of Central Mortgage and Housing Corporation for the year ending December 31, 1979, pursuant to section 70(2) of the *Financial*

*Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1979-795, dated March 15, 1979, approving same.

Capital Budget (Revision No. 2) of Central Mortgage and Housing Corporation for the year ending December 31, 1979, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Order in Council P.C. 1979-1539, dated May 17, 1979, approving same.

Copies of financial statement on the operation and maintenance of the Great Slave Lake Railway for the year ended December 31, 1978, together with a statement showing the net capital investment as at December 31, 1978, pursuant to section 9, Chapter 56, Statutes of Canada, 1960-61.

Report of the Canadian Human Rights Commission for the calendar year 1978, pursuant to section 47(1) of the *Canadian Human Rights Act*, Chapter 33, Statutes of Canada, 1976-77.

Report of the Department of National Health and Welfare for the fiscal year ended March 31, 1979, pursuant to section 13 of the *Department of National Health and Welfare Act*, Chapter N-9, R.S.C., 1970.

Report on Vocational Rehabilitation for the fiscal year ended March 31, 1978, pursuant to section 8 of the *Vocational Rehabilitation of Disabled Persons Act*, Chapter V-7, R.S.C., 1970.

Report of the President of the Medical Research Council, including accounts and financial statement certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 17 of the *Medical Research Council Act*, Chapter M-9, R.S.C., 1970.

Report of the Canada Post Office for the fiscal year ended March 31, 1979, pursuant to section 80(2) of the *Post Office Act*, Chapter P-14, R.S.C., 1970.

Report of the Department of the Secretary of State of Canada for the fiscal year ended March 31, 1979, pursuant to section 6 of the *Department of State Act*, Chapter S-15, R.S.C., 1970.

Report of the Canadian Radio-television and Telecommunications Commission for the fiscal year ended March 31, 1979, pursuant to section 31 of the *Broadcasting Act*, Chapter B-11, R.S.C., 1970.

Report relating to the administration of the *Farmers' Creditors Arrangement Act* for the fiscal year ended March 31, 1979, pursuant to section 41(2) of the said Act, Chapter F-5, R.S.C., 1970.

Copy of Aide-mémoire relating to a West to East Oil Pipeline, dated October 1, 1979, issued by the Office of the Prime Minister of Canada.

Document entitled "Economic Review", dated April 1979, issued by the Department of Finance.

Report of the Department of National Revenue containing Tables and Statements relative to Customs, Excise

and Taxation for the fiscal year ended March 31, 1979, pursuant to section 5 of the *Department of National Revenue Act*, Chapter N-15, R.S.C., 1970.

Report of the Roosevelt Campobello International Park Commission, for the fiscal year ended March 31, 1979, pursuant to section 7 of the *Roosevelt Campobello International Park Commission Act*, Chapter 19, Statutes of Canada, 1964-65, together with the auditors' report on the financial statements for the years ended December 31, 1978 and 1977.

Report of the Postmaster General respecting Olympic coins for the period ending March 31, 1979, pursuant to sections 13(2) and 13(3) of the *Olympic (1976) Act*, Chapter 31, Statutes of Canada, 1973-74.

Report on the administration of the *Small Businesses Loans Act* for the year ended December 31, 1978, pursuant to section 11 of the said Act, Chapter S-10, R.S.C., 1970.

Copies of a Statement related to the addition of certain clothings, textiles and textile products to the Import Control List, issued by the Department of Industry, Trade and Commerce pursuant to section 5 of the *Export and Import Permits Act*, Chapter E-17, as amended by section 3 of Chapter 29 (2nd Supplement), R.S.C., 1970.

Report of operations under the *Fisheries Improvement Loans Act* for the fiscal year ended March 31, 1979, pursuant to section 12(2) of the said Act, Chapter F-22, R.S.C., 1970.

Report of the Northern Transportation Company Limited, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1978, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of VIA Rail Canada Inc., including its accounts and financial statements certified by the auditors, for the year ended December 31, 1978, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of the operations of the Exchange Fund Account, together with the Auditor General's report on the audit of the Account, for the year ended December 31, 1978, pursuant to sections 17 and 18(2) of the *Currency and Exchange Act*, Chapter C-39, R.S.C., 1970.

Report on operations under the *Bretton Woods Agreements Act* and the *International Development Association Act* for the year ended December 31, 1978, pursuant to section 7 of the first-mentioned Act, Chapter B-9, and section 5 of the latter Act, Chapter I-21, R.S.C., 1970.

Statement showing Classification of Deposit Liabilities Payable in Canadian Currency of the Chartered Banks of Canada as at April 30, 1979, pursuant to section 119(1) of the *Bank Act*, Chapter B-1, R.S.C., 1970.



Report by the Tariff Board respecting Antiques, Collectibles and Hobby Equipment, Reference No. 156, and a background document (*English and French texts*), together with a copy of the transcript of evidence presented at public hearings (*English text*), pursuant to section 6 of the *Tariff Board Act*, Chapter T-1, R.S.C., 1970.

Copy of Telex, dated October 16, 1979, from the Prime Minister of Canada to the Provincial Premiers regarding the next First Ministers' Conference.

He said: I might mention, honourable senators, that included in the reports laid before the house, as called for in various statutes of the country, there is a copy of an aide-mémoire relating to a west to east oil pipeline, dated October 1, 1979, issued by the Office of the Prime Minister of Canada. This was requested by Senator Olson on October 17.

I should also inform the Senate that among the documents tabled is a copy of a telex dated October 16, 1979, from the Office of the Prime Minister of Canada to the provincial premiers regarding the next First Ministers' Conference.

## QUESTION PERIOD

[English]

### ENERGY

#### MOVEMENT OF OIL FROM ALASKA TO LOWER FORTY-EIGHT STATES

**Senator Perrault:** Honourable senators, my question is for the Minister of Industry, Trade and Commerce and relates to the issue of a proposed western oil pipeline for the movement of oil from Alaska.

In questioning earlier today in the other place, it became obvious that the Secretary of State for External Affairs, the Honourable Miss MacDonald, and other ministers of the Crown, played a decidedly minor role in conveying messages to the United States as to Canada's preference for the Foothills proposal of an overland route for the proposed pipeline.

This is in direct contradiction to answers given in this chamber last week by the minister, who suggested that several of his colleagues had been involved in discussions with their U.S. counterparts, stating Canada's preference for the Foothills proposal and our opposition to any route involving tanker traffic.

My question now is this: Will the minister tell us—and I suggest that it would be in the public interest to produce dates and give specific information—about the occasions on which ministers of this government spoke to their U.S. counterparts on this issue, with whom they were in contact, and what, in detail, they said?

We are not asking for the divulgence of certain material, some of which, necessarily, could be confidential.

**Senator de Cotret:** Honourable senators, I should like to say, first of all, to the Leader of the Opposition that had he listened closely to the statements made in the other place today, he

would have certainly heard the Secretary of State for External Affairs state, quite directly, that she had raised the question with Secretary Vance the last time they met. That was a very clear and, to my mind, unequivocal statement.

I have already indicated that throughout the summer, through a number of informal channels, we as a government have indicated to American officials, on eight occasions, that we definitely favour the Foothills proposal, and I stand by that statement.

Insofar as the exact dates on which these communications took place, I shall be happy to inquire and inform this chamber. I should like once again to emphasize the fact that we as a government have always supported the all-land route. We have always supported the Foothills project. We have repeatedly made that clear, both at the officials' level and in the aide-mémoire tabled this evening by my colleague. We have always made that position abundantly clear to the U.S. government, and it strikes me as rather strange that this line of questioning would be pursued so aggressively when even the president of the company has indicated publicly, in interview programs, that he has enjoyed the full support of the government in pursuing the Foothills alternative.

**Senator Perrault:** I know that all of us are impressed with the eloquence of the honourable the minister, but there is a very definite lack of specific information here. When the minister talks in terms of various members of the ministry making vigorous representations to the Government of the United States, we expect to be given the dates on which such representations were made. The Secretary of State for External Affairs said in the other place today that she had conveyed certain sentiments to Mr. Vance. We do not know the circumstances of those comments. Is there a memorandum with respect to that meeting?

A matter as important as this one obviously is should carry with it a good deal of supportive evidence, and no such evidence has been made available to members of the Senate.

I should like to ask another question. Is this government going to support, under any circumstances, a proposal to move oil from Alaska to the lower forty-eight states, which would involve increased tanker traffic, with all of the ecological and environmental dangers that would entail for Canada's west coast?

**Senator Asselin:** Question!

**Senator Perrault:** Is that conceivable?

● (2010)

**Senator de Cotret:** I answered that question during the sittings of last week. I will answer it again. Our stated preference, clearly indicated to the United States government, time and time again, at the official level and at the level of ministers and in the aide-mémoire, has been that Canada preferred by far—and we indicated that preference clearly—an all-land route, the Foothills proposal. We have serious difficulties dealing with the environmental issues that would arise from tanker route down the west coast. That position has been made very clear, and if my honourable colleague would

read the aide-mémoire he would realize that we make it very clear in that document that we are very much concerned about the environmental spin-offs from a tanker route.

As to what we will do in the future if such and such should happen, that is a hypothetical question that I am sure we will answer if and when that situation arises. But our preference is clear, and we have made that preference very clearly known.

**Senator Perrault:** The preference may be clear, Mr. Minister, but surely the question is: Is there any circumstances under which the Government of Canada would support an option which would lead to increased tanker traffic, whether the government prefers the option at the present time or not? Do you foresee that possibility, because that is of very grave concern to many Canadians?

**Senator de Cotret:** Honourable senators, the practice of forecasting, foreseeing and soothsaying is one that I have left behind in my past. I am not going to answer a hypothetical question. I would be very happy to deal with the specifics of the situation as they develop.

**Senator Perrault:** We are not attempting to plumb the clairvoyant resources of the minister, but we would like him to state emphatically here that this government will not support, under any circumstances, an alternative which would lead to a dangerous increase in tanker traffic on the west coast of Canada. That is the only commitment we ask. It does not require the qualities of a seer or a clairvoyant to reply to that request.

**Senator de Cotret:** I shall make one very clear statement on that, and that is that in any policy decision that the present government takes it will take into full consideration, and act in, the best interests of Canadians from coast to coast.

**Senator Olson:** A supplementary question, honourable senators. The government is so clear that it is going to support an overland route and will not support a proposition increasing tanker traffic along the west coast, so I wonder if the minister has considered the legal ramifications of announcing this kind of preference for one of competing applications for an oil pipeline now before the National Energy Board, even before the National Energy Board has heard the evidence and submitted their recommendations to cabinet.

**Senator de Cotret:** Honourable senators, I shall now quote from the aide-mémoire because I should like to make clear exactly what was said. Reading from the second paragraph, I quote:

The Canadian Government cannot, of course, make any final decisions until completion of National Energy Board consideration of the applications now before it, on which hearings are scheduled to commence on October 2, 1979.

As the US Government will be aware, a major preoccupation of the Canadian Government is the environmental risk associated with crude-carrying tanker traffic off the West Coast of Canada and into the waters of Juan de Fuca Strait and Puget Sound. This concern relates to the current levels of such traffic as well as to the prospect of its increase resulting either from increased Alaskan or increased off-shore crude. The Canadian Government's

objective, therefore, must be to minimize the risk of environmental damage on the West Coast from oil tanker traffic and to seek means whereby current risks, including those in the sensitive inner waters of Juan de Fuca Strait and Puget Sound, may if possible be reduced.

With these considerations in mind, the Canadian Government strongly opposes the Kitimat option and has a clear preference for the Foothills overland option because it would reduce the number of tankers travelling along the West Coast.

#### APPLICATIONS BEFORE NATIONAL ENERGY BOARD

**Senator Olson:** Does it follow then that the hearings now involving Trans Mountain before the National Energy Board are really a charade because those recommendations coming from the National Energy Board have to go to cabinet for approval or rejection? If you have already announced that you are going to reject it, why go through the charade of having the hearings?

● (2015)

**Senator de Cotret:** We have not made any announcements. We have indicated the very clear preference. The hearings are going on. I would only like to emphasize once again what I emphasized last week in this chamber, that the Foothills proposal has been temporarily withdrawn—and I underline the word “temporarily.”

The government will act, as I mentioned earlier, in the best interests of Canada. We have indicated a clear preference. The normal process is going on, and we will see that process through.

**Senator Perrault:** Is there positive assurance, Mr. Minister, that the Foothills application will be reinstated before the National Energy Board before the end of October? Have members of government been in contact with principals of Foothills to determine the situation?

**Senator de Cotret:** No. I would have to say that the precise answer to your question is “no.” There is no specific assurance that that will be the case. We have been told, and I believe it has been said in the media, that the application was being withdrawn temporarily.

I have had a brief, initial conversation with the president of that corporation, and we have agreed that we will meet to discuss the matter in full detail in the coming days. We are trying to arrange a meeting, as a matter of fact, for early next week, at which myself, my colleague the Minister of Energy and my colleague the Minister of the Environment, would have an opportunity to sit down and explore the matter further.

#### THE CONSTITUTION

##### RECONSTITUTION OF SPECIAL SENATE COMMITTEE

**Senator Bosa:** Honourable senators, I have a question for the Deputy Leader of the Government. Is it the intention of



the deputy leader to reconstitute the Special Senate Committee on the Constitution of Canada which was established on June 28, 1978 to study Bill C-60. It was just on the verge of reporting when the 30th Parliament was dissolved and could not complete its report. Is it the intention of the deputy leader to reconstitute that committee?

**Senator Roblin:** I thank my honourable friend for the question, and say that the matter is under discussion. I have had some talks with the Leader of the Opposition on that precise point, but I think we would prefer to continue our discussions further with Senator Stanbury, who was the chairman of that committee, before arriving at a positive conclusion. The matter, however, will not be overlooked.

## ENERGY

### MOVEMENT OF OIL BY TANKERS

**Senator McElman:** Honourable senators, I have a question for the minister in charge of pipelines, et cetera. Has this administration reaffirmed to the United States government Canada's opposition to the construction of a massive oil refinery at Eastport, Maine, the supply of which would require large tankers to use Head Harbour Passage, in the Bay of Fundy, which is one of the most difficult and dangerous passages anywhere along the coast of Canada? This opposition was repeatedly expressed by the former administration, and I should like to know if this administration has reaffirmed the opposition of Canada to such a proposal?

**Senator de Cotret:** I will have to take notice of that question and refer it to my colleague the Secretary of State for External Affairs, and to my colleague the Minister of Energy, before giving you a definite answer on whether reaffirmation of that position has been made.

## GRAIN

### STATUS OF GOVERNMENT ADVISORY GROUP

**Senator Steuart:** Honourable senators, I should like to direct a question to Senator de Cotret. Last week I asked a question about the Grains Group. He was kind enough to reply that it was still active and still operating.

I should like to ask him today if he could supply me with the number of occasions since the new Conservative government took over that the Grains Group has met as a group—that is all three of them. I would like to know how often they have met, when they have met and with what ministers they have met.

I asked him a series of questions last Wednesday, among which was a request to give me information about the movement of grain in the last four months. He volunteered that he would be pleased to give it to me for the last four months, the last four years, or for the last 40 years. I haven't got it yet, but information respecting the last four months would be fine. I hope he hasn't got his officials working on the last 40 years.

I also asked about the movement of grain in the last two years, and I hope I can get that information as well.

● (2020)

**Senator de Cotret:** On the latter two questions, I hope to have the answers for the honourable senator in the very near future.

In terms of the Grains Group and the number of meetings held, I would hesitate to quote a specific number. All I can say, in reply to the honourable senator, is that I have been assured by the minister responsible for the Wheat Board, who is the Chairman of the Grains Group, that there have been numerous meetings with the Grains Group since the government came to power, and that the Grains Group was extensively consulted in the acquisition of hopper cars and the renovation of boxcars; that the group has been active throughout that period and is filling the role that it has traditionally filled.

As I mentioned the other day, the minister responsible also assured me that, in terms of the mandate of the Grains Group, he was considering requesting not only an extended mandate, or a renewal of the mandate, but also a strengthened mandate. In his view, the Grains Group had played a very important role in the discussions that had gone on over the past four to five months.

**Senator Steuart:** As a supplementary, is the minister telling me that the Grains Group, as a group and not individually, has met on several occasions with the Minister of Transport, the minister in charge of the Grains Group?

**Senator de Cotret:** That is my understanding. I stand to be corrected. I shall be happy to verify if they have met as a group, and will give the honourable senator the specific dates on which they met.

My understanding, from conversations with the minister responsible, is that the Grains Group have met and had been involved in the decisions that were taken in grain handling over the summer months. I shall be happy to verify that information.

## INDUSTRY

### CONSTRUCTION—EFFECT OF HIGH INTEREST RATES

**Senator Bosa:** My question is for the Minister of Industry, Trade and Commerce. Has this government considered, or is it considering, a two-tier interest rate, which would continue to encourage capital to flow into this country and prevent capital from flowing out, and which would also assist the ailing building industry? I have learned from a reliable source that some companies are on the verge of bankruptcy because of the high interest rates.

**Senator de Cotret:** To the best of my knowledge, we are not considering a two-tier interest rate system in this country. I know of very few such systems that have been able to operate successfully. I will be happy to consult my colleague, the Minister of Finance, to verify the accuracy of the answer I have just given.

**Senator Bosa:** I have a supplementary question. Does the minister know what measures the government has taken to alleviate the difficulties presently facing the building industry?

**Senator de Cotret:** As I mentioned last week, we have indicated time and time again that one of the important measures that we would introduce is a tax credit against mortgage interest payments; and certainly, to the extent that interest rates are affecting the building industry, such a measure would be of considerable help to the industry and would provide considerable relief to those Canadians who are seeking relief, who are attempting to buy a home for the first time, and to those who are already homeowners and who have to renegotiate their mortgages. I believe the measure will be of immense help to that category of Canadians who are affected by the increase of mortgage interest rates at the moment.

**Senator Bosa:** I have a further supplementary. The minister is telling me that the proposed mortgage interest tax credit will stimulate the building industry. But that is a permanent measure; it is not something that was devised by this government to stimulate the building industry.

Can the minister tell us whether he has any intention of providing the building industry with something like the small business incentive program, or the loans that are made to farmers to assist them through this difficult period? Is there a similar program being considered for the building industry?

**Senator de Cotret:** That is a reasonable question, and I hope the honourable senator will not consider my answer in any way as being an attempt to avoid giving a direct answer. I believe he will have to await the presentation of the budget by the Minister of Finance to get the specific answer to that question.

**Senator Bosa:** When?

**Senator de Cotret:** Soon.

## ENERGY

### PROFITS OF MULTINATIONAL OIL CORPORATIONS

**Senator Haidasz:** Honourable senators, I would like to ask the Ministry of Industry, Trade and Commerce how the federal government can continue to tolerate and even justify further the windfall profits of Canadian subsidiaries of multinational oil companies in the face of what is almost a threat that consumers will face an oil shortage this winter if demands for still more profits through higher prices are not met.

**Senator de Cotret:** First of all, let me put any doubts aside about our facing an oil shortage this winter. I can assure the honourable senator that we are not going to face an oil shortage this winter, and that my colleague, the Minister of Energy, Mines and Resources, is monitoring the situation very closely. As a matter of fact, I have specific answers to questions raised last week that I would like to table later on with regard to this very matter of our supply of heating oil for the months to come.

[Senator de Cotret.]

The honourable senator has raised a question about the profits of oil corporations. There have been reports recently—in the last few days, as a matter of fact—of certain very significant increases in profits. I would like to point out once again that profits in and by themselves are not a cause for concern. A cause for concern might be what is to be done with those profits. To the extent that those profits are re-invested in the industry by which they are generated, in order to create more employment, develop more sources of supply and ensure that we as Canadians are in a better position to cope with the demands that are placed on the industry in the years to come, then those profits are good. To the extent that they may be distributed abroad, or invested in other industries, they may constitute an item that would cause concern. The situation, however, is being monitored constantly. Certainly we would want and expect that the profits generated by the industry will be re-invested in that very industry to improve the industry's productivity, efficiency and supply.

## INTERNATIONAL DEVELOPMENT

### FOREIGN AID POLICY OF GOVERNMENT

**Senator Olson:** I wonder if I might direct a question to the Minister of State for CIDA, and ask him whether or not the government has now instituted and provided him with a new set of guidelines for use when considering approval of grants for development, food aid, military aid, and so on.

**Senator Asselin:** The only thing I can say to the honourable senator is what I have said before, namely, that the government intends to establish a committee of Parliament to study foreign aid and foreign policy. We hope that this committee is going to be established as soon as possible, in order that we may receive its conclusions by the month of June.

**Senator Olson:** Well, honourable senators, I would like to suggest to the Minister of State that food producers, flour millers, et cetera, would like to know what the guidelines are because they have to make important decisions respecting these matters, in view of the fact that the Secretary of State for External Affairs has announced that political considerations, and other things, will now come into the situation, and that food aid is not simply going to be based on humanitarian grounds, as it was in the past.

**Senator Asselin:** As far as I know the situation, I can assure the honourable senator that the guidelines have not been changed up to now. If there are any changes coming up I am sure the producers are going to be aware of them.

**Senator Olson:** A final supplementary. Does the minister think it is fair and just for other people in this industry to have to wait until June before a new set of guidelines is issued? Furthermore, if that is so, can he guarantee to those people who are involved in producing these food products for foreign aid requirements that there will be no change, at least, until that committee has reported?



**Senator Asselin:** Yes. There will be no change.

● (2030)

## ENERGY

### SECURITY OF FUEL SUPPLIES

**Senator McElman:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. I was quite interested in his reply to Senator Haidasz that there will be no shortage of oil this winter in eastern Canada. I would draw to his attention an article in the *Ottawa Citizen* of October 17 under the heading "Gas pump lineups may be facing Maritimers, N.B. minister says." The interview was with the Honourable Mr. Fernand Dubé who is the New Brunswick finance minister and also minister responsible for energy policy. The newspaper report reads:

Fernand Dubé who is also finance minister, said in an interview gasoline will be in short supply over the next nine months with a small deficit forecast for Atlantic Canada for the entire period.

He said there will be an adequate but fragile supply of heating oil—

It goes on:

Dubé said the supply of oil in every form will be short for the next nine months, "which means that if people don't cut down there will have to be drastic measures."

He said those drastic measures would probably result in line-ups at gasoline pumps.

Would the minister explain to us this difference of view, and perhaps gain for us the information that must be available to Mr. Dubé but which he obviously does not have?

**Senator de Cotret:** First of all, I do have this information for my honourable colleague. Either my honourable colleague did not read the *Citizen* of October 18 or the *Citizen* thought it better not to publish the follow-up story which might dispel the scary headlines which appeared on October 17.

As soon as that statement was reported, officials of the National Energy Board got in touch with the deputy minister responsible in New Brunswick and were assured that the minister, first of all, had been misquoted in that newspaper article and, secondly, that the minister was going to make a statement that very afternoon to set the record straight. What he was really saying at that time was that conservation was a serious business and had to be pursued very actively.

To the best of my knowledge the minister did make that correction and did indicate that he had been misquoted, but either those stories did not appear in the local press or my honourable colleague did not see them. However, there is no indication that there is going to be any kind of shortage of that nature in the maritimes in the coming months or for the next nine months. It was an out-and-out misquote.

**Senator McElman:** I am grateful for this reassurance of the minister.

## THE PUBLIC SERVICE

### STATEMENTS BY SENIOR OFFICIALS

**Senator McElman:** I should like to direct a question to the Deputy Leader of the Government. On the weekend I viewed a television interview given by Mr. Marcel Masse, the Clerk of the Privy Council and Secretary to the Cabinet, and I might say, a man for whose ability and integrity I have the utmost admiration. However, in the interview he suggested that senior bureaucrats should speak out publicly to explain or defend—I believe that is the word he used—their activities in administering the policies and programs of the government. My question is: Is this a new departure in Canadian affairs that senior bureaucrats should speak publicly, and would this indicate a diminution of ministerial responsibility?

**Senator Roblin:** Honourable senators, I really have no means of ascertaining what Mr. Masse said. I did not hear the interview in question and, therefore, really feel that it would not be my place to comment upon it. It has to stand by itself.

However, I would say that the Government of Canada, as everybody knows, is giving consideration to relations between Parliament and the civil service, and matters of that kind. I would not be surprised, nor would I be disappointed, if an attempt was made to draw a clearer line around the term "ministerial responsibility".

It seems to me that in this country we have been inclined to adhere to a view of ministerial responsibility that was appropriate in the days when ministers really were able to run their departments from a detailed point of view, which is perhaps not so appropriate today, when they certainly must be responsible for policy. Whether or not they should take the same responsibility for every act committed by any person in the department is a matter, I think, open to debate.

If one examines the concept of ministerial responsibility as it has developed in the United Kingdom it will be seen that there has been a trend in the direction of trying to draw a line between what is an administrative responsibility, for which the deputy might answer directly to the house, and what is a ministerial responsibility with respect to matters of policy, which I strongly suspect will remain quite unchanged.

I must tell honourable senators that these are entirely speculations on my part, but I do think this question would be a very appropriate one to discuss when we are considering the relations of Parliament with the executive, which is on the agenda for consideration in the near future.

**Senator McElman:** I thank the honourable senator for his reply. In light of the fact that this is comment by the highest profile public servant of this administration, the Clerk of the Privy Council, would the deputy leader on our behalf inquire whether this was a kite-flying operation, or whether it is based on some substance? It should be quite within his capacity to speak with the honourable gentleman and inquire what was involved.

**Senator Roblin:** I suspect that this is a matter in which the Prime Minister might interest himself, if anybody did, because of the position occupied by Mr. Masse. I should be glad to

inquire whether there is any intention by the Prime Minister to make a statement on the subject.

## METRIC CONVERSION PROGRAM

### GOVERNMENT POLICY

**Senator Bosa:** I should like to address this question to the appropriate minister. I have learned from a reliable source that a delegation of hog farmers made representations to this government not to proceed with metrication as it applies to their industry. Will the appropriate minister reassure this house that this government is proceeding with that policy; and if not, what is the policy of this government in that respect?

**Senator Roblin:** I presume my honourable friend is inquiring about the general attitude of the government towards metrication. I think it is a matter of public knowledge that the minister in charge has established a committee which is now engaged in reviewing the progress of metrication. I think it is the Minister of State for Small Businesses and Industry who has this matter in hand. No doubt the complaints of the hog farmers will be included in the review he is making.

## FISHERIES

### PROPOSED WHITE PAPER—INVOLVEMENT OF WEST COAST INDIANS

**Senator Williams:** Honourable senators, I should like to direct a question to the Deputy Leader of the Government. In the Speech from the Throne we read:

You will be asked to consider a White Paper on future development of our fisheries resources, prepared in consultation with fishermen, the fishing industry and the provinces.

My first question is: Will the Indian fishermen, who comprise a large section of the fishing fleet on the west coast, be involved and included? Secondly, in the future development, will the government give consideration to involving and including the three rivers that pass through what is known as the panhandle of Alaska?

To make it clear, let me point out that a good portion of the return of migrating salmon reproduces in the Canadian areas of these rivers. The fourth river is the Yukon itself, which flows through the whole width or length of Alaska—call it what you may—where some of the salmon travel over 2,000 miles to reach areas of reproduction. Will this be given consideration as a future development? I ask this because our fisheries in Canada are not involved and included in the harvesting of this salmon migration.

**Senator Roblin:** I thank the honourable senator very much for his observations, because I think they are very much to the point. I will see to it that this is brought to the attention of the Minister of Fisheries when he is developing his policy in this respect.

[Senator Roblin.]

## NORTH ATLANTIC TREATY ORGANIZATION

### EXPANSION OF CANADA'S ROLE

**Senator Haidasz:** I should like to ask a question of the Minister of State for CIDA, who also answers for National Defence matters. On the occasion of the Twenty-fifth Annual Session of the North Atlantic Assembly now being held in Ottawa, what specific action has the federal government taken to expand Canada's role in NATO, other than agonizing over a decision respecting a much needed fighter aircraft for the Canadian armed forces?

**Senator Asselin:** Honourable senators, that would require a very long answer, and I am not in a position to give it tonight. If you will permit me, I will take that question as notice and give an answer at a later date.

## PARLIAMENT BUILDINGS

### FIRE PROTECTION

**Senator Molson:** Honourable senators, I should like to address a question to the Deputy Leader of the Government. I know it is not one that he can answer immediately, and therefore perhaps it should be put in writing, but I think it has a certain urgency.

Would he find out for the Senate what arrangements there are for the protection of these buildings in case of fire? I am sure most honourable senators present saw the fire this evening across the square, which destroyed a very handsome building that is part of the scene on Parliament Hill. I know that some of us who watched saw a very small amount of smoke for a period of approximately forty minutes before it really began to be a conflagration. My immediate question to myself was: What arrangements do we have?

None of us can forget that over sixty years ago these buildings were gutted. Are we dependent on the Ottawa Fire Department? If not, are we dependent on the armed forces or, God forbid, have we got Public Works to take care of us? I think it is sufficiently important, having been reminded by that most sad and unpleasant sight of that very serious fire tonight, and is a question that is well worth asking and obtaining a satisfactory reply to, in order to be assured that there are satisfactory arrangements for the protection of these valuable buildings.

**Senator Roblin:** I should be pleased to bring my honourable friend and the house a full report on the fire protection measures for this building as soon as I can.

**Senator Bosa:** I should like to ask a supplementary question. Will the Deputy Leader of the Government also ask if it is intended to install a sprinkler system in this building?

**Senator Roblin:** I can only say that I know of no such intention at the moment. I think that when the report is produced on the fire protection measures that are in force it will provide an opportunity for those interested to read them, and, if they are thought inadequate, to make representations, or perhaps initiate a debate on the subject.



**Senator Haidasz:** Would the deputy leader also make a private tour of corridor 160-S where there are two offices accommodating senators' secretaries, plus the office of the security staff of the Senate, plus the printing facilities, plus the stationery supply and other offices? In that corridor there are piles of boxes three or four feet high taking up over half the space of the corridor.

**Senator Roblin:** Honourable senators, I shall certainly be happy to ask the fire commissioner to take a stroll through there. I am sure he would be better able to comment on the suitability of the arrangements than I am. However, I thank my honourable friend for bringing this matter to our notice.

● (2040)

## INTERNATIONAL TRADE

### LOSS OF SALE OF CANDU REACTOR TO ARGENTINA

**Senator de Cotret:** Honourable senators, if I may, I wish to answer some of the questions that were asked of me last week.

First of all, in answer to a question by Senator Lamontagne, I tabled last week the English translation of the text by Mr. Castro Madero, dealing with the Argentinian situation. Tonight I would like to table the French version. As was the case with the English version, this is a preliminary and certainly an unofficial translation of the text provided to us by the Government of Argentina.

Therefore I table:

☞ Copy of unofficial translation of text of statement made by the President of Atomic Energy Commission, Argentina, with respect to contract decisions for Atucha II and heavy water plant, dated October 1, 1979. (French text)

## ENERGY

### SECURITY OF FUEL SUPPLIES

**Senator de Cotret:** Honourable senators, in answer to questions raised by Senator Haidasz dealing with the question of supply, I discussed the issue with my colleague the Minister of Energy, Mines and Resources, and he has assured me that actions have been taken to ensure adequate supply of heating oil in the months to come.

He has curtailed crude oil exports to keep the pipeline fed so the Canadian refiners will be fully supplied, and he has facilitated the exchange of western Canadian oil for additional eastern imports. Officials, in addition, are keeping close touch both with the industry and with the provinces. And at the moment, the national outlook for the first quarter of 1980 is that programmed supply should be adequate to meet forecasted product demand, given normal weather conditions, with an acceptable closing inventory level.

Both the Minister of Energy, Mines and Resources and officials from the National Energy Board are keeping in close touch with resellers seeking, by all possible means, to create the conditions for them to get product supply.

In answer to a question concerning the supply to independent dealers, the minister asked me to assure you that his office is keeping a daily watch on the issue. He sent a telex to refiners and terminal operators stating that viability of deficient resellers must be maintained. He requested, specifically, the industry to co-operate by not altering substantially their trade-class mix, by continuing to supply customers according to requirements, by not arbitrarily denying contract renewal, and by taking on new independent reseller customers.

He has also required the National Energy Board to review space allocation in the Interprovincial Pipeline.

I would like to assure honourable senators that a copy of the telex is available to them if they wish to see it.

[Translation]

## INTERNATIONAL DEVELOPMENT

### ORDER IN COUNCIL APPOINTING MINISTER OF STATE TABLED

**Senator Asselin:** Honourable senators, last week an inquiry was made as to my status of minister within cabinet. For the information of Senator Lamontagne, I should like to table a copy of the *Official Gazette of Canada*, dated June 27, 1979, where on page 2428 is registered the order in council under the Ministries and Ministers of State Act designating me Minister in Charge of the Canadian International Development Agency.

## CROWN CORPORATIONS

### POSSIBLE SALE OF ASSETS OF CANADAIR

**Senator Denis:** Honourable senators, may I put a question to the Minister of State for Economic Development with regard to the possible or probable sale of Canadair?

Considering that it is possible, though not very probable, that Quebec may become independent, which would make of it a foreign country; considering that you said that you would not sell to a foreign country, I should like to know: first, whether the minister has been approached by the Quebec government about the possible, probable or eventual sale of Canadair and, second, whether the minister, or the government, will take a chance in selling Canadair to the Quebec government without knowing what may happen after the referendum, etc.?

**Senator de Cotret:** First of all, I should like to answer no to the first question: we have not been approached by the Quebec government with regard to the eventual sale of Canadair.

In answer to your second question: the honourable senator may rest assured that this government really intends to keep Quebec not only an integral part, but as a very viable part of the Canadian confederation, of a renewed confederation. That is what it is striving for at this time. To my mind, the matter of

the Quebec separation is most hypothetical and should not be introduced in a debate concerning a company like Canadair. I am convinced that Quebec will remain an integral, a viable part of our Canadian confederation.

**Senator Denis:** Honourable senators, I have a supplementary.

What the minister says, we know. That is what we imagine. That is what we think. It is probable. But since it is possible that the province of Quebec may become independent, are you going to wait to be convinced before selling Canadair to a foreigner?

**Senator de Cotret:** It is an entirely hypothetical question which I would prefer not to answer in its present form as it is purely hypothetical. I would simply like to repeat what I said last week. We will, of course, consider any purchase offer from one province or another for any crown corporation that is to be returned to the private sector.

However, as we want to return those corporations to the private sector, we would prefer, of course, not to sell them to one province or another. That applies to Quebec as it applies to Alberta, to Ontario or to all other provinces.

We would prefer to see those corporations which are considered to have a commercial role to play in the private sector, returned to the private sector. But we are not necessarily excluding the possibility of one province or another expressing an interest. We would then deal appropriately with the request, the petition, or the offer that could be made by one province or another concerning the disposition of one or another of those crown corporations.

**Senator Denis:** I understand the intention of the government. But what I would like to know is whether the government intends to put in the contract—since you say it is possible a province could buy a part or all of Canadair—can the government assure this house that there will be a proviso to the effect that if the province of Quebec were to become independent afterwards, the contract would be cancelled. What I want to know is what will the government be doing in the meantime?

**Senator de Cotret:** The senator pointed out I had said it was possible, even probable, that a province would acquire a crown corporation. I am simply saying that we are not automatically excluding the possibility of a province indicating an interest. We will then deal with the situation.

**Senator Denis:** This was discussed, so do not repeat the same thing.

**Senator de Cotret:** You are asking me a question, so wait for the answer. What will happen is another thing altogether. You are asking if we would allow them to purchase it. Well, they have not even expressed an interest. So why ask questions like that?

**Senator Denis:** This was discussed in the papers.

**Senator de Cotret:** The Government of Quebec indicated very clearly it would prefer to see the corporation sold to

[Senator de Cotret.]

Quebecers. Mr Landry, a minister, told me so himself. He never told me the Government of Quebec itself wanted to acquire that corporation.

**Senator Denis:** You contradicted yourself. You said earlier you had not been approached about that. You are now saying Mr. Landry told you so. So you met. So you were not telling the truth when you said that.

**Senator de Cotret:** No, no—

**Senator Denis:** Just a moment. This is very important because we are talking about a sale worth \$40 million or \$50 million. So if you sell Canadair to provincial interests and in the spring that province becomes an independent country, then I am asking the government to take its precautions. That is what I ask. It does not cost anything to include in the sale contract, if they became independent, or otherwise, a clause indicating the contract would then be cancelled.

**Senator Asselin:** That is not what—

**Senator Denis:** Is it your intention—I hear the Minister of State for CIDA—is that your department?

**Senator Asselin:** I do not know.

**Senator Denis:** If I may, is there really a Department of CIDA? The Minister of CIDA can ask all the questions he wants later on, but I want to know what precautions the government has taken if it does not want to sell Canadair to foreign interests.

**Senator Asselin:** Let him reply.

**Senator Denis:** He can defend himself.

**Senator Asselin:** Your question is hypothetical.

**Senator de Cotret:** We have said very clearly and repeatedly that we would sell certain crown corporations to the private sector, to Canadians. You asked the question earlier and you even accused me of having misled you by saying that Quebec never showed any interest in the matter.

**Senator Denis:** You spoke to Minister Landry.

**Senator de Cotret:** Yes, I spoke to him as I speak to the ministers of all the provinces, but he showed no interest.

**Senator Denis:** You talk about movies and so on.

**Senator de Cotret:** Yes and of many other things which are all quite interesting.

**Senator Denis:** But you always repeat the same thing.

**Senator de Cotret:** The Quebec government indicated that it had an interest in the matter, namely that the corporation be sold to Quebecers, but it never said that it was interested in purchasing the corporation itself. If they are interested, they should tell us, and we shall then see what provisions we can make, as we will do if Ontario, Alberta, Saskatchewan or any other province shows any interest in acquiring a crown corporation. We will decide then. What we want is to return the crown corporations to the private sector. Our interest is very clearly defined in this sense, but we want to return these corporations to the Canadian private sector. This is a matter of



principle which has been firmly established. Therefore, I do not see exactly where this hypothetical question is leading us.

● (2050)

[English]

### THE HON. HORACE ANDREW (BUD) OLSON, P.C.

APPOINTMENT AS DEPUTY LEADER OF THE OPPOSITION

**Senator Perrault:** Honourable senators, if the Question Period has concluded, may I say that, while last week all of us were sorry to hear of the resignation for personal reasons, of Senator Langlois as Deputy Leader of the Opposition and Opposition House Leader in the Senate, I am now happy to announce that Senator Olson has been chosen for that post, with the support of all Liberal senators.

**Hon. Senators:** Hear, hear.

**Senator Roblin:** Honourable senators, I think the welcome expressed on this side of the house speaks eloquently for our approval of this move. Although I was not privileged to participate in the voting for Senator Olson as Deputy Leader of the Opposition when this position was voted on in the Liberal caucus, I should say that had I been there he would have received my franchise. I am glad to see him sitting where he is and glad to welcome him into a very small club consisting of him and me. We carry an honourific title, but I think most senators will realize that we Joe-boys—perhaps that is not quite the word I am searching for—have a little work to do.

**Senator Olson:** Honourable senators, I should like to express to my colleagues who were at the caucus my appreciation for their confidence in me. I should also like to say that I sincerely hope I will be able to fill the shoes of Senator Langlois. Senator Langlois set a very high standard while carrying out his duties as deputy leader, a standard I do not expect to achieve too quickly.

To my opposite number, Senator Roblin, and to you, Mr. Speaker, I should say that in carrying out my duties as Opposition House Leader, I will try to be as co-operative as I can to ensure that the business and decorum of this chamber will be carried out in a satisfactory manner. I would, however, caution the Deputy Leader of the Government and his colleagues in the cabinet that from time to time during Question Period my other duty as Deputy Leader of the Opposition will emerge, and in that respect, of course, I will try to do what I can. However, I cannot guarantee that there will not be times when we are severely provoked at some of the answers.

### BUSINESS OF THE SENATE

On the Orders of the Day:

**Senator Roblin:** Honourable senators, in view of the fact that we are still in the process of forming our committees, I wonder if the Senate would agree that it is desirable to stand the first three items on the Orders of the Day until such time as these committees are set up.

I might say by way of information that the question of establishing these committees is being pursued vigorously. I hope we will be able to advise the Senate as to these matters shortly.

### SPEECH FROM THE THRONE

MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from Thursday, October 18, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Bielish, seconded by Senator Charbonneau, for an Address in reply thereto.

**Senator Austin:** Honourable senators, my first words in rising to participate in this debate on the Speech from the Throne are words of congratulations to our new Speaker. Senator Grosart will play for this chamber and for the Parliament of Canada an important role in representing us in many circumstances, outside of Ottawa and outside of Canada. The impression which is given by our new Speaker will be an impression which represents this chamber and also Parliament. I believe I speak on behalf of all senators in saying how confident we are that Speaker Grosart's abilities and experience will speak well on our behalf.

Our new Speaker also has a role to play of great importance in the development of the work of this house as it enters a new, dynamic and, I venture to say, even more responsible period than it has recently had. I have every confidence that our Speaker will discharge his duties away from partisanship and with clarity and fairness.

I should like also to say a few words regarding Senator Lapointe, who served us so well as Speaker in the last Parliament. The grace and charm of her nature exemplified some of the attributes to which this house aspires. She created an excellent impression for the Senate and for Canada wherever her duties took her, and she always held the affection of all senators in this chamber. Now that her duties have changed, we on the opposition side of the chamber look forward to seeing the more partisan side of her nature, one which, in the past as a member of the editorial staff of a major Quebec newspaper, struck terror and, even more, stabbed truth and clarity into the hearts of the impure. Beware those of us in this chamber who are impure.

● (2100)

Honourable senators, in the last Parliament there was much debate about the role and nature of this chamber and about its future. The Trudeau government introduced Bill C-60 for the purpose of discussing many constitutional questions, and it raised issues about the representational effectiveness of the Senate. Under Senator Stanbury, a special committee of this chamber undertook a serious and significant review of the Senate and its role. I hope, honourable senators, that the substance of the work of Senator Stanbury's committee will be carried forward at an appropriate time.

There are, of course, many views, both in this chamber and elsewhere, as to how an appointed chamber can best discharge its responsibility to assist in providing the Canadian people with an effective and useful contribution to the working of the Canadian democracy. I spoke at length on this subject in this chamber on December 14, 1978, and I do not now intend to repeat my remarks, although I certainly stand by them. The Clark government has said that it sees no constitutional reform of this chamber as being required and that it believes that, by its appointment of new senators and three ministers, this chamber will be given an opportunity to demonstrate the validity of the reasons for which it was created in the first place. I think that is a challenge for us, and one worthy of us all. Indeed, we will be judged in future years by how effectively the attitudinal changes which have been introduced by the Clark government affect the Senate and how they enhance the work we do and how our work is appreciated by the people of Canada.

I welcome the new senators who joined us at the beginning of this new Parliament and look forward to working with them and to their contribution to the public service. I would like to say just a few words on what I believe to be the role and duties of this chamber. As senators have said before me, we are not a partisan body responsible at every point for the criticism or the defence of the government of the day. The government will not rise or fall on what happens in this chamber.

As a result of the presence of three ministers, we do of course have the responsibility to ensure that, in the discharge of their ministerial duties, they are held accountable to the Canadian people. Our vigorous Question Period is proof positive that the Senate is fully capable of ensuring that government ministers in the Senate will not feel lackadaisical in their responsibilities.

At the same time, the presence of three ministers in this chamber does not alter the fact that the Senate's principal purpose is one of keeping under review the behaviour of the executive branch of the government to ensure that it is not arbitrary and that such behaviour is within the conventions of the Constitution as we know and practice them in Canada. We do this in many ways, but principally through some of the best committee work performed anywhere in this Parliament, whether in the examination of legislation or in the analysis of policy questions which, at least when we begin the analysis, are not required as partisan issues in the country.

I believe it vital that senators, who wish to express their partisanship in the thrust of question-answer during the Question Period in order to discharge one of the responsibilities of this chamber, the accountability of the ministry, set aside day-to-day partisanship in other Senate work so that the Senate as a parliamentary institution can play its full role as a deliberative body, capable of seeing and acting beyond partisanship, on behalf of the public interest. As we would say in the west, once we leave the Question Period, senators should check their political pistols at the committee room door.

[Senator Austin.]

I should like to congratulate the mover and the seconder of the motion for an Address in reply to the Speech from the Throne, Senators Bielish and Charbonneau, on their first contributions. Theirs is a commendable beginning. Each speaks from a knowledge of important regions and sections of this country. I hope they remain in active service in our work.

There is one aspect of Senate representation to which I should like to speak at this point: We in western Canada have had a long-standing complaint that, with our increasing population and our increasing economic strength, we have not been appropriately represented in the federal process. The House of Commons, of course, stands as a chamber that is represented by population. This chamber, as acknowledged by students of the origins and role of the Senate, is the place where regional representation is expected to be emphasized.

The western region is not effectively represented in this chamber. The Premier of British Columbia, Premier Bennett, in past constitutional debate has argued that British Columbia, if it were to have recognition in relation to its population and its economic strength, should have a minimum of 12 senators. I know that all honourable senators would like to see more effective western representation in this chamber, and I would propose to the government that a bill be brought in increasing the representation in the four western provinces to 10 senators for each of those provinces. This would bring the representation of my province and the other western provinces to the level which is now established for each of those great provinces of Nova Scotia and New Brunswick. It would add 16 senators in all to our body and make a great deal more effective the work of senators from each of the four western provinces.

I know that what in effect may be created is the possibility that the Progressive Conservative Party would have an additional 16 senators. I know that the leader of that party and his aides would not of course want to bring about such a result, although I can imagine that they would wish to have some say in the appointments in question.

**Senator Bosa:** They would not be partisan in their appointments.

**Senator Austin:** Well, I believe that Mr. Clark would undoubtedly want to consult the Leader of the Opposition in the appointment of those western senators. But without getting into partisan issues, I simply ask this chamber and the government to recognize the problem of western representation in this chamber and to proceed expeditiously to act on this particular submission.

I have read and reread the Speech from the Throne without feeling any sense that the Clark government understands the basic questions which are troubling Canadians. How could a comprehending government fail to deal with the twin threats of political separatism and economic separatism which have been thrust to the center of the national stage in the last 10 years? Where were the words of guidance to the people of Quebec about the relationship of the federal government to the issue of sovereignty association as outlined by Prime Minister Levesque? What role will the Clark government play in the



key referendum debate in Quebec? How will the Clark government communicate on behalf of all Canadians their desire for a nation of political unity?

All we got was the broadest of rhetoric—words such as “re-establish the spirit of partnership and renewal which are fundamental to our Federation.” But where is the leadership which Canadians require if this nation is to be composed, first and foremost, of Canadians rather than of Quebecers and Ontarians, and so forth? If the government cannot speak for and defend the national spirit of our country, who will?

Many Canadians were disappointed, too, with the absence of a sense of direction at the economic level. Again, there is rhetoric—“While our economy faces serious immediate problems, my Government believes the economic potential of Canada is the strongest in the world.”

What are we told? That a new expenditure management system has been introduced; that the size of the public service will be reduced, and that crown corporations will be sold to the private sector.

There is no honourable senator who will support any wastage in the limited resources that are available to Canadians to conduct their lives, but I am one of those Canadians who resents greatly the inarticulate premise in the Throne Speech that government in Canada is somehow an entity to be considered hostile to the people's interests, somehow a malign presence in the affairs of the Canadian people, somehow more a burden to be carried than an instrument through which all Canadians act together to express their goals, both personally and as a community.

I think Canadians have proven better than the people of any other country what an effective instrument government can be in the improvement of the life of the citizen without, as the Throne Speech says, in any way damaging the economic potential of Canada. Canadians have succeeded, through the instrument of government, in creating one of the strongest and best distributed economies amongst its citizens.

● (2110)

Look around the world and you will see that Canada is the envy of the world both for the economic opportunity and for the protection it provides its working people. Through the instrument of government we have been able to put in place a health care plan which is the envy of the world, and the same is true with respect to our pension plans for senior citizens, with respect to support for the unemployed and with respect to support for those who due to circumstances are unable adequately to provide for themselves from time to time in their lives. We have put a net of support for our people below which no Canadian will be allowed to fall.

We have been able to do that because the Government of Canada through the Parliament of Canada with the confidence of the people of Canada has ably understood and expressed the needs of individual Canadians. And, honourable senators, those needs are not at an end. I sincerely hope that when the Clark government says its ministers were given a mandate to change the direction of the Government of Canada they did

not mean that they intend to build a private economy based on all the rewards going to the most productive, and all the costs going to those who are least able to defend themselves against the initiatives of the mighty.

Again I see an inarticulate premise of social Darwinism lurking in the rhetoric in the Speech from the Throne. While the government encourages new initiative and talks about measures to help individual Canadians build a stake in our country, there is no indication of any special awareness that the disadvantaged in our country, and they comprise an important part of our country, must be protected against initiative which is not always socially responsible and enterprise which does not always proceed out of a sense of conscience.

Frankly, I am fascinated with the total dependence of the government on the private sector. I am a defender of the private sector in many ways, but the government is building an expectation in the people of Canada that somehow the private sector in this country is capable of righting all the economic wrongs in our economy, is capable of producing, without help from government institutions and without some concept of a broad national economic plan, an economic result which will give Canadians both wealth and an effective and equitable distribution of that wealth. Were I active in the private sector I would say to the government, “For God's sake don't burden me with all that responsibility; we may not be able to succeed, and then what will happen to us?” The expectations that are being created by this government for the performance of the private sector are literally beyond reasonable reach of achievement. And what will be the result if that proves to be the case? It will be the antithesis of the policy of this present government. There will be a charge against the private business sector by the people of Canada that they have not performed, that they are not capable of performing, and that they are without the ability to support the public interest of the people of this country. The public will feel misled, and an undeserved day of retribution for the private sector will follow.

I ask the government to reconsider the nature and fullness of the burden it is placing on the private sector in this country. The private sector has a vital role to play. It can and should be the leading agent of public policy in the development of the resources and of the industry of this country. But the public policy itself, its goals and purposes, is not the business of business but of all the people of Canada, and their cares and concerns are in the trust of the Government of Canada. What the Clark government is doing is passing the buck, and if I were a leader in the business community I would not accept it on the terms offered.

Another area in the Speech from the Throne which disturbs me is the rhetoric about a new era in federal-provincial relations. How many times have we heard that in years gone by? The Clark government says:

Consultation and cooperation will be the hallmarks of that new era.

And who can be against a serious, meaningful effort in that direction? But where is the language in the Throne Speech that recognizes the emerging demands of Alberta to have a

form of political power to negotiate a re-arrangement of our constitutional system so that the trade-offs in terms of utilization of national wealth would be developed on a bilateral basis between provinces, or on a multilateral basis amongst the provinces. Where is the recognition that the provinces of Alberta and Quebec would like to render the effectiveness of this Parliament in acting as a clearing house for national issues and as a place for fair compromise junior to their concept of some form of Canadian common market in which the ultimate levers of political and economic power remain in the hands of the provinces.

Remarkable for its omission from the Speech from the Throne is mention of the vital issues in the energy policy sector, issues that are the concern of all Canadians. Ever since the traumatic doubling of the price of oil in the international market which took place in August and October of 1973 we have lived with the political and economic fragility of the western industrial world, dependent, as it is, on very few sources of production, the key ones being in the Middle East, and also we have lived with the fall-out of those changes in terms of our domestic economy, with its fundamental impact on the costs to Canadian industry and Canadian consumers, and the problems of the distribution of the benefits of higher prices through the governmental and private sectors. Where in the Speech from the Throne was there an appreciation of those problems? Where in the Speech from the Throne was there an understanding shown by the Government of Canada that it knew what its burden was in dealing with oil and gas pricing, and that it knew what was necessary to keep the Canadian family moving ahead of a cost structure that could cripple us, that the government had a responsibility to move our people in the direction of an economic growth that was available on a fair and reasonable basis throughout Canada? The Throne Speech says the government is committed to making Canada self-sufficient in energy by 1990, a worthy goal, and it talks about consultation with the provinces through which—

—measures will be introduced to encourage a significant reduction in Canada's overall energy consumption, and to stimulate a major expansion in our capacity to supply and distribute energy in various forms.

Does the government think it can bring Ontario and Alberta to an agreement over the price of energy in this country? Do they think that Premier Davis is going to go to his electorate and say, "I have agreed to raise the price of energy substantially in this country because it is good for Alberta"? Or does this government think that Premier Lougheed will go to the people of Alberta saying, "I have agreed to keep the price of energy down because it is good for the people of Ontario"? Each of those premiers knows where his mandate lies; each of those premiers knows who in our constitutional system he represents. I cannot believe that this government would not fully and forthrightly express its ultimate responsibility, that of a national government. Of course it should consult; of course it should participate in the difficult issues of price and supply, and the meaning of ownership of resources and of its own responsibility for the economy of Canada. But ultimately

consultation and co-operation and goodwill are approaches; they are not solutions.

● (2120)

The solution will come when this government takes the responsibility which it alone has, the same responsibility that was held by the previous government, to listen, to consult, to conciliate, to show goodwill, but ultimately to decide what is in the national interest and to take its responsibility for that decision and to explain that decision to the people of Canada. In so doing the government would simply be showing that it understands a greater good exists for all Canadians in a strong national government in which it holds a trust of equity for us all.

Honourable senators, one of the saddest aspects of the government's approach to its responsibilities to Canadians is the declared interest of Prime Minister Clark in the destruction of Petro-Canada as a crown corporation. Petro-Canada was created as one of the essential policy levers of the people of Canada in dealing with a major energy crisis which occurred beginning in 1973.

The condition of the Canadian private sector prior to that time was simple and straightforward. Ninety per cent of oil and gas production in Canada was owned by foreign-controlled companies, and 96 per cent of refining and marketing was in the hands of foreign-controlled companies. Some of those foreign-controlled companies, honourable senators, were government-owned.

We had an agency called the Canadian Petroleum Association, which was composed almost entirely of foreign-controlled companies. That agency, the Canadian Petroleum Association, was one of the principal sources of information which the government had through its evidence before the National Energy Board and in private consultation regarding the state of the Canadian resource base.

Honourable senators, if you put your minds back to the situation in 1970, 1971, 1972 and 1973, you will recall that one company, Imperial Oil, established the price market in this country for oil and gas. Its research capacity was so infinitely greater in energy policy terms than that of the Government of Canada that it was tempting to expropriate the entire service.

Information in the oil and gas industry was considered proprietary. It was important for the companies to keep that information to themselves because of competition, and sharing that information with the Government of Canada was not something they were prepared to do because they said they were unprepared to take the risk of disclosure. More was known, therefore, about the Canadian oil and gas base at the head offices of half a dozen multinational companies than was known by the Canadian government.

I don't think I can ever forget the embarrassment of Honourable Joe Greene, who was once one of our colleagues. He was induced in 1971 to give a speech, which was not written in the Department of Energy, Mines and Resources, in which he told the Canadian people what the Canadian Petroleum Association had told him, namely, that Canada had reserves of



natural gas exceeding 700 years and reserves of oil exceeding 300 years. Those figures subsequently, of course, turned out to be anything but true. I do not accuse the industries of deliberately misleading. When you draw conclusions, you use certain premises. Perhaps in this case those premises were not adequate premises or did not take into account certain factors because they were not known at the time. There could be many reasons. But I will never forget the embarrassment of a minister of the Crown having to rely on data supplied by foreign-controlled companies in order to describe what was the nature of the Canadian oil and gas situation.

In 1970 I became Deputy Minister of Energy, Mines and Resources at the request of Prime Minister Trudeau, and he gave me one clear mission. That was to lead a study of how the oil and gas industry in this country operated and how the energy system worked. This was not because he told me he had anything in mind with respect to the industry, but because he simply did not understand that vital sector of the Canadian economy and he felt Canadians did not understand how it worked either.

We undertook, honourable senators, to review the Canadian energy system. That report was produced in June of 1973 under the title, "An Energy Policy for Canada."

Six weeks later OPEC made its first major price move. We had been accused of being flagrantly irresponsible in predicting that OPEC would move the price of oil from \$3 to \$4 in 1974 and \$4 to \$5 in 1975 and from \$5 to \$6 in 1976. The accusations came from the oil and gas industry. By October of 1973, three months after our report had appeared, the price was at \$6.

Within the context of that report we decided that we should examine the role of a state petroleum corporation. We saw that, with the exception of the United States, the major western industrial states had their own state petroleum corporations.

We asked ourselves these questions: What brought on the advent of those corporations? What was the policy need they were responding to? Were those corporations effective in satisfying those needs? Were there parallel requirements in Canada?

By the spring of 1973 our studies had led to the conclusion that state participation in the oil and gas industry was a requirement of Canadian energy policy. Nothing that has happened in the meantime has changed my view of that conclusion. The report I have mentioned has a full chapter on the underlying rationale for a state petroleum corporation. I invite honourable senators, who are interested in what I believe is a vital area of national policy, to look at that report and to look at that chapter.

Let me simply give a few of the key reasons why Petro-Canada seemed justified at that time. First of all, as I have been clearly saying, we lacked an adequate knowledge of the Canadian resource base. We did not even understand the methodology for an analysis of the Canadian resource base. We needed a vehicle which had the competence to do that.

Second, we lacked in the Government of Canada any knowledge whatever of how the oil and gas industry operated. We lacked a technical expertise to evaluate its operating procedures. We lacked the insight to judge its rate of return considerations. We did not know what a fair reward was for the industry and we did not know what a fair price was for the Canadian consumer.

Third, the Canadian oil and gas industry largely controlled by foreign companies, as I have said, was also largely controlled by foreign executives. While Canada had discovered oil at the time of the First World War and had discovered oil in attractive quantities just before the beginning of the decade of the fifties, we had not developed in any serious way the executive and technical competence to run our own oil and gas industry.

Bright Canadians, who had that competence, and there were many, were quickly moved off to the United States or elsewhere to serve the corporate interests of the multinationals.

• (2130)

I can recall someone telling me with pride many years ago that the head of Exxon was a Canadian who was born, I believe, in Medicine Hat. Cold comfort for a Canadian energy policy.

A more critical factor, and perhaps the critical factor, is that we saw that the private sector would take only that degree of risk which promised a commercial reward, that it would take that degree of risk which was consistent with its commercial discount factor in risk taking.

Honourable senators, I wish to make it clear at this point that I am not critical of that particular criterion I believe that we should ask our private sector to take only that degree of risk; otherwise we would be expropriating private capital for some form of national purpose decided upon by some government entity.

But it leaves open the key issue of who will take those degrees of risks that are beyond commercial risk taking, which nonetheless must be taken if we are to know our resource base, if we are to define it, if we are to understand, for policy-making purposes, whether in five, ten, twenty or thirty years we may be able to bring onstream resources within Canada that are vital to our security.

Honourable senators, there was no private corporation which could, with consistent responsibility to its shareholders, say that it could conceive of such long-term programs or that it would enter exploration in high risk areas such as the Atlantic offshore, the Labrador Straits, or the Arctic islands of this country, or in the high technological risk areas such as the oil sands or heavy oils. No private corporation would do that without being able to see and understand when the cash would come back. Corporations had to be able to see a return coming from somewhere. As to defining the resource base for all Canadians, they could not comprehend that as the responsibility of the private sector, and neither can I.

So it was into that requirement that state participation was introduced in the Canadian oil and gas system. It was for that need that Petro-Canada was created in the energy policy mix of the mid-1970s.

Honourable senators, there is no change in those circumstances. We still have that need. It is not a need that can be fulfilled by some government agency simply with a role to play in some distant project remote from commercial experience.

The Prime Minister has said that certain of those roles can be fulfilled by private Canadian ownership and that the public aspects, which investors should not take on, can be picked up by some agency, spending the taxpayers' money in doing those things. That money has to be spent by competent professionals. It has to be spent in a vehicle in which there is a wide range of technical experience, from raw exploration right through the whole integrated package, that can be brought to bear on the remote frontier project. It cannot be done by half a dozen people who are given some money and told "Go out and do something."

Of course, they could contract those programs to the private sector. But they would pay the private sector the commercial rate of return which is expected by the private sector.

What Petro-Canada offers is an endowment which is based on the commercial discount factor, a cash flow that is available from present operations, which can be invested in the high risk areas on the concept of a social discount factor. Not that Petro-Canada would lose money; not that Petro-Canada would be wasteful; but that Petro-Canada would be willing to take a higher order of risk in finding those answers for all Canadians than would commercial investors. The profit to Petro-Canada's shareholders, the Canadian people, would not be in money but in knowledge about their energy security.

Honourable senators, I have seen nothing in the public affairs of Canada that so disappoints me, that is so incoherent and downright silly as the report rendered by the committee headed by Don McDougall. That committee, I have to say in its defence, was not given a mandate to examine the question of the need for Petro-Canada. It was given terms of reference, as stated by the Minister of Energy, Mines and Resources on September 7, simply to look into the modalities of how Petro-Canada might be unwound and disbanded. What were the ways that could be achieved?

Up until this point, honourable senators, we have not heard a reasoned case being argued by the government with respect to the destruction of Petro-Canada. Therefore it comes as a shock that Prime Minister Clark finds the report of the committee quite attractive.

I am pleased with one aspect of the Petro-Canada debate. That is my understanding—which no doubt the Deputy Leader of the Government will correct if it is not true—that nothing will be done to Petro-Canada and its subsidiaries without legislation being introduced. I take it, Senator Roblin, that we shall have a full opportunity to examine this question when the real policy and purposes of the government are better known?

[Senator Austin.]

**Senator Roblin:** Is the honourable senator addressing a question to me? Does he wish me to reply to it now?

**Senator Austin:** When I resume my seat I will be delighted if the Deputy Leader of the Government would address himself to that one question, which I will restate: Will the Government of Canada, prior in any way to dealing with Petro-Canada or any of its subsidiaries, proceed by introducing legislation regarding Petro-Canada and its subsidiaries so that the full purposes and proposals of the government can be made known to the Canadian public before action is taken by the government?

Honourable senators, in concluding, may I say that there are many other issues related to energy policy on which I would wish to address myself, but time does not permit me to do so. I would like to talk about oil and gas pricing, the imperative need of the federal government to obtain a fair distribution of any rise in the price of energy in this country so that it can conduct, under its national responsibility, programs of equity that will fairly protect all Canadians in terms of the impact of rising energy costs in this country. I would also like to discuss the question of nuclear power. I welcome the government's announcement in the Throne Speech that a joint House of Commons and Senate committee will be established to look into those vital issues, because I for one am desperately worried about the availability of electrical energy in this country beginning with the next century if we do not proceed to maintain some portion of our base power generated from a nuclear system.

That does not mean that we do not have problems in the nuclear industry. The question of waste disposal is an enormous problem. What we do need is a reasoned and reasoning process and understanding by the people of Canada of what nuclear power is and is not, its risks and its benefits to us. I believe that the proposed joint committee, if it is allowed to do its work fairly, will be of great benefit to Canadians.

Honourable senators, I know that there are others who are waiting to address this chamber. Frankly, I never tire of addressing this chamber; but my colleague Senator Frith is pulling at my jacket and I will defer to him.

● (2140)

**Senator Roblin:** Honourable senators, I am not entering the debate at this stage, but I would like to respond to the question raised. It is my understanding that the Prime Minister has said that Parliament will have an opportunity to fully consult on the question of Petro-Canada when the government's policy is known.

**Senator Frith:** Honourable senators, in speaking to the Speech from the Throne, I would like to echo what my learned colleague, Senator Austin, has said about not wanting to let the occasion go by without congratulating some of our colleagues particularly our Speaker, whose long years of hard work and devotion to this chamber are going to do credit to his office, to himself, to this chamber, to all senators and to our country. I congratulate him very sincerely. I know my feelings are shared by all members of this house.



Of course, it is very hard to say something about our previous Speaker which, first, has not been said, and, secondly, that might not sound routine, because the depth of admiration, respect and gratitude for what she has done for our chamber, and the genuine affection in which she is held, are so completely shared by all senators, and, in fact, by all parliamentarians who have known her. I can only hope she will understand the depth of my sincerity, and that of other senators who have spoken, when I say how glad we are to have the opportunity to congratulate her and thank her for all she has done for us.

Without necessarily accepting the concept of having cabinet ministers in this chamber, I do want to say, it having been decided by the present government that there are going to be cabinet ministers in this chamber, that we are all pleased and proud that they have chosen Senator Flynn and Senator Asselin, who are held in such high regard on all sides of the Senate. I cannot say that I knew of the qualifications of Senator de Cotret before, but I must say that I have been watching him, and I am impressed, first, with how he is so often, to use his own words, happy to provide information. I have been trying to rate his answers on the three scales that he uses himself. Sometimes he says he is happy to provide information; at other times he says he is very happy to provide information; and on some special occasions he says he is more than happy to provide information.

**Senator Asselin:** But you get the information.

**Senator Frith:** But we get the information, as Senator Asselin has said.

I must say that Senator de Cotret is very forthcoming, though sometimes he does recall to my mind one of the briefest book reviews ever written. It was written by a student who was asked to review a book about penguins. His review, one sentence long, was "This book tells me a great deal more about penguins than I really care to know." In any event, we cannot criticize Senator de Cotret for being close-mouthed.

I would like also, honourable senators, to congratulate all those who have spoken so far in this debate, particularly the new senators whose maiden speeches were eloquent and impressive.

Honourable senators, I want to address my comments on the Speech from the Throne to one particular aspect, namely, that of offshore mineral rights. On this subject the words of the Speech from the Throne are as follows:

During the past four months, my Ministers have made every effort to change the climate of federal-provincial relations which has prevailed in recent years. As a result of their efforts, there has been visible progress. An agreement on lotteries has been concluded and agreement in principle has been reached with certain coastal provinces concerning offshore mineral resources. Bringing about this change in relations is fundamental to my government's philosophy.

The government feels, as is mentioned earlier in the Speech, that they have a mandate to change the direction of Confederation. With the decision as to offshore mineral rights that I

have just mentioned, they have made what I believe is a historically important change in the federal system. It is not as if they had not warned us that they were going to do that, but that change, and the understanding of that change, turns on three questions. First, what is the existing direction that they are turning away from? Secondly, where are they taking us with their decision? Thirdly, are they strengthening or weakening the Canadian Confederation by making this change in direction?

First, what is the status that is being changed? It is quite clear, by way of background, that under the Constitution provincial governments have control of the natural resources within their boundaries. No one argues about that. However, what about the resources offshore of coastal provinces—that is, not within their territories, but off their coasts? This question of offshore resources has been a difficult political and legal problem in Canada since the early sixties, when the possibility of recovering offshore oil and gas potential first arose. It was at that point that both levels of government began to think seriously about the question of which of them had the legal right to this potential.

Of course, Canada is not the only country with these problems. It is a problem for all federal states where legislative and property rights are divided between two levels of government. Non-federal states—that is, unitary states—do not have that problem, because in those states the only government that can have an interest is the national government, and that is as it should be, because the rights of the state to its offshore resources depend—and this is important in understanding what is happening—not only on its internal legislative jurisdiction, but more properly on the state of international law as it develops through the continuing Law of the Sea Conferences of the United Nations. Although there is no formal recognition in international law that the continental shelf is truly within national boundaries, it is recognized that the rights of a state to its adjacent seabed arise because of its dominion over the super-adjacent land.

● (2150)

The real difficulty is that international law does not and never has conferred any status at all on individual provinces. In our country it is Canada, and not the provinces, which has status in face of the world community. To give offshore rights to the provinces will create a very difficult set of problems when Canada has to negotiate matters on an international level because, in exchange for having recognition in international law, or dominion over the offshore area, each country has to agree to undertake certain responsibilities with regard to environmental control and other *quid pro quo*.

What is the present state of affairs in Canada? As honourable senators probably know, from a reading of the many discussions between the provinces and a general acceleration of this issue, the matter came to a head before the Supreme Court of Canada. The reference is now a famous case called the *British Columbia Off-shore Minerals* case. The Supreme Court was asked to express its opinion on whether British Columbia or Canada had proprietary rights—that is, the right

to explore and exploit a legislative jurisdiction—over resources situated in the territorial waters and continental shelf off the coast of British Columbia.

I might say, in parenthesis, honourable senators, that I am not suggesting that the *British Columbia Off-shore Minerals* case is absolutely definitive because, as you will see from the basis upon which the Supreme Court of Canada made its decision, the case for each province has to be looked at individually although there are some common elements, particularly the ones I have referred to with regard to international law.

Briefly, the British Columbia argument before the Supreme Court of Canada was based on the position that it held when it entered Confederation. It argued in favour of the application of certain sections such as section 109, for example, of the British North America Act, which became applicable to British Columbia as a province, preserving to it all lands, mines and minerals which it had owned as a colony. It argued that those lands remained vested in the province at the time of its joining Confederation. The Supreme Court of Canada was not satisfied that the territorial sea was ever within the jurisdiction of British Columbia, first, because the western boundary of the colony had been established by statute as being the Pacific Ocean, and that boundary had remained unchanged to that day and, as a result, precluded a claim to any part of the sea; and, secondly, because they relied on a principle of British common law that the extent of the realm ended at the low water mark and that the territorial waters within three miles of this limit were not within the realm.

Turning to the claim of the federal government, and getting back to the principle already mentioned, the Supreme Court of Canada held that Canada retained exclusive jurisdiction over these waters and cited international treaties with regard to them as evidence of the recognition of Canada's sovereignty over them. It also held that since the lands were outside the bounds of British Columbia, they could not fall within any of the enumerated heads of section 92 and, therefore, the legislative jurisdiction with respect to them must belong exclusively to Canada.

The decision favouring the claim of the federal government to these offshore mineral rights was essentially based on the Constitution, on the 1958 Geneva Continental Shelf Convention, and on general principles of international law. On these principles it is clear from the British Columbia case that the federal government had and has exclusive jurisdiction with respect to British Columbia offshore minerals.

With regard to the maritime provinces, the position is not perfectly clear, and the analogy is not complete particularly with reference to Newfoundland—and this is going to be significant in terms of what happened—because of the fact that Newfoundland had international status before it joined Confederation in 1949. Therefore, on the purely legal analysis, Newfoundland's position, in its claim to the offshore mineral rights, is stronger than that of any other province.

[Senator Frith.]

In order to understand what is happening with this government's proposal regarding offshore mineral rights, we should look at the international background of this proposal. As I mentioned, Canada is not the only country with these problems. In fact, the United States and Australia have both struggled with it and, as far back as 1947, the Supreme Court of the United States held that the federal authority over the lands of the territorial sea was paramount.

Other suits of a similar nature followed in 1950, and again the right of the federal government was upheld. Congress tried to pacify the states by passing the Submerged Lands Act in 1953 allowing each coastal state title to three miles of submerged seabed off its coasts. In that same year Congress passed the Outer Continental Shelf Act which provided for a system of gas and oil leasing in federal offshore areas. The states concerned were Louisiana, California, Texas, Alaska and the entire east coast tier of the United States, according to the research that I have been able to obtain on this subject.

Exactly the same problem arose in Australia and, in 1967—which is the same year as the Supreme Court of Canada decision—after five years of negotiation, the jurisdictional issue remained unsettled. The Commonwealth agreed to pass mirror legislation on the theory that one or other set would be valid. They also set up an elaborate dual permit system issuing from the Department of Mines for each state but on behalf of either government. They hoped to settle matters on the basis of consultation between levels prior to administering grants and licenses and, although this plan was useful for immediate problems, naturally the question of jurisdiction arose again because it was difficult, if not impossible, to get all states to agree with the central government.

In 1973 a major action was started to determine the rightful jurisdiction and, finally, in 1975, the High Court of Australia found in favour of the federal government—the same as the Supreme Court of the United States had done—and that decision specifically and explicitly followed the reasoning in the Canadian and American courts. It noted that, upon federation, the status to acquire new lands and new territorial rights in the offshore, accruing because of international law, were vested in the Commonwealth and not in the individual states within the nation. Even that judgment did not stop the process. From there constitutional conferences sought means of sharing, not transferring, the rights, the royalties and the jurisdiction.

● (2200)

In 1978 an important bulletin issued from the Australian Attorney General's office stating the main items of agreement. A full year later, in June 1979, just June of this year, a similar bulletin issued saying that the title to the seabed under the three-mile territorial sea would be given to the states, and there will be a joint commonwealth-state authority to regulate. The Australians realized, it seems, what they were doing. They agreed to a sharing of the royalties. In their case it was 60 per cent for the states and 40 per cent to the Commonwealth. That is not even as favourable as the arrangements made by our former government to share the revenues 75/25, and they also



retain a power of veto on major decisions concerning national interest.

From all that we have seen, it is clear that giving away offshore resources is not an easy question. Also, certainly to my knowledge, no other national government in the world has entirely given up its right to control natural resources on its continental shelf. The background, therefore, raises a real question about whether this government believes that it has the duty to abdicate its responsibilities in this regard. That is the background.

The actuality and what has taken place is that the previous government, as I mentioned, entered into an agreement in February 1977. That was an agreement between the Governments of Canada, Nova Scotia, New Brunswick and Prince Edward Island. They were to proceed to the preparation of an agreement. I am looking at the agreement now. They defined the area; they set up a system for settling the area and some divisions within the area; they set up a board and set up how the revenue was to be computed. The division was that 25 per cent of the revenue was to go to the federal government.

**Senator Asselin:** It was a political settlement.

**Senator Frith:** Exactly.

**Senator Asselin:** That is what we are doing.

**Senator Frith:** Precisely. As Senator Asselin has pointed out, the solution in all cases—in the United States, in Australia and in Canada—has been a political settlement. The reason I have gone into the background of the legal rights is that any settlement depends on what the legal rights are and what is being settled. These are precisely political settlements.

The agreement made was 25/75 as far as Canada was concerned in 1977. Then in 1979 the present Prime Minister, fulfilling a promise he had made, released some correspondence between himself, and, in particular, Premier Peckford of Newfoundland, which, as will be remembered, is the province that clearly had the strongest claim to its offshore mineral rights because it formerly had an international status, and in all cases all the principles seem to turn on that international status. No other province could make that claim.

The letter from Prime Minister Clark to Premier Peckford is dated September 14. It refers to earlier negotiations and says that, in accordance with certain principles—they recognize four principles that are listed in the agreement—the Province of Newfoundland should own the mineral resources of the continental margin, and that is consistent with and subject to the division of the legislative confidence as between Parliament and provincial legislatures. The Prime Minister then writes to other provinces and tells them he is prepared, in effect, to make the same agreement with them.

Just so we can complete the background, the suggestion is also made that certain constitutional changes will have to be made. That might well refer to section 3 of the British North America Act, which speaks of boundaries and permits the federal government and provinces to agree about changes in boundaries, subject to the interests of other provinces affected.

Of course, there are some legal pitfalls there in the context of the international law background, which we have already touched on.

**Senator Rowe:** I missed the date of that correspondence between Premier Peckford and Prime Minister Clark.

**Senator Frith:** The letter from Prime Minister Clark to the Premier of Newfoundland is dated September 14, 1979. He is replying to a letter from Premier Peckford to him—that is, to Prime Minister Clark—of August 23, 1979.

**Senator Rowe:** I thought I heard the word “December,” but it could not be.

**Senator Frith:** September.

I now come to the third and final part of my submissions on this subject, honourable senators, which is whether or not these changes are in the interests of the Canadian Confederation. It cannot be denied that during the past five months the new government has made every effort to change the climate of federal-provincial relations that has prevailed in recent years. The visible progress that has been made to date has arisen from those efforts, and includes, as mentioned, an agreement on lotteries and, as is stated, an agreement in principle with certain coastal provinces concerning offshore mineral resources. The real question that arises is whether or not these agreements constitute evidence of the spirit of partnership and renewal, or whether they in fact constitute a dangerous abdication of federal power and responsibilities.

Does a mandate built on 37 per cent of the popular vote confer upon a government which speaks, or should speak, for Canada and all Canadians the right to give away 100 per cent of its resources? Everyone who has had anything to do with politics in any way in this country knows that the task of governing Canada, a federal state, a huge geographic area, made up of so many different regions, is a very trying one, but that is the job of any Canadian government. It is its duty to make difficult decisions in the face of conflicting provincial interests in such a way as to unify the spirit and share the wealth amongst the citizens of the nation, and that has been essentially the history of every government of this country. We cannot do that, I submit, by creating little resource emirates in different areas of the country.

It seems to me, honourable senators, that there is a fundamental difference between abdicating responsibility over lotteries and abdication of federal rights in a matter as important as offshore resources. The whole *raison d'être* of a federation requires that the central government be able, by virtue of its constitutional powers, to maintain that delicate balance, that centrifugal force, that keeps our country from spinning off into autonomous little areas.

I do not believe the federal government should have foregone the revenues generated by Loto Canada for the federal treasury. But I see a fundamental distinction between that form of abdication and the far more serious abdication of federal responsibility for the development of resources which will secure our future energy supplies.

● (2210)

I spoke about the formation of little emirates. It is not reasonable to begrudge the right of Alberta or Newfoundland to grow and prosper because of natural resources which are situated within their borders, or even adjacent to their coasts.

We do not, however, or cannot assume Candide's faith in Leibnitz' theory that everything is for the best in this best of all possible worlds. And even in that event, the duty to make the difficult decisions for the good of the whole country, not just for Alberta and Newfoundland, does rest with the federal government.

For most Canadians, the quarrel over constitutional matters are too complicated and confusing to be seriously considered, but I believe Canadians should realize the implications of a policy which goes a long way towards further balkanizing the nation. It is easy to say that you will give offshore rights to all those coastal provinces who want it, and in that way avoid confrontation. But surely it must be made clear that not all coastal states have great oil potential. About 1.1 million square miles of submerged land lies off the Atlantic coast, 70 per cent of that offshore lies off Newfoundland and Labrador. It has been estimated that the major potentials lie off the coasts of that province. Nova Scotia has some gas, but the other Atlantic provinces do not have good prospects in the smaller areas off their coasts. So Newfoundland stands to get wealthy at the expense of the other provinces.

I would like to ask the government if its policy is going to extend to the Arctic, for the waters of that area are even more promising than those off Newfoundland. The new government has the stated policy of giving offshore resources to the provinces, and we know the speed with which they are trying to create provinces up there. Both these areas are really frontier areas in terms of exploration, and the companies operating in them depend largely on federal tax incentives which heavily subsidize the difficult exploration. So what happens is that the people of all of Canada put up the money to find the offshore resources and, then, if this proposal and these agreements are carried forward, only the people of the provinces will share in the fruits of those investments.

Quite apart from the fact that the people of Canada have underwritten a great deal of exploration for those sources of oil—with the help of Petro-Canada, we might note—is this new partnership really a relationship of partners at all? While the new government may think of our federation as a partnership between the two levels of government, it might also consider that the federal government is really only the *prête-nom*, or the agent, for all the people of Canada. To transfer these resources to the provinces will only make the responsibility of the federal government in this regard far more difficult.

Honourable senators, five months of government and the Speech from the Throne make it very clear that we in this country are facing an historical, ideological difference. Certainly there are many Canadians who support the ideology of this new government, and there are many who do not. But it is a significant difference. If it were not for the results, I could

say, "Vive la différence," but the agreement to give all federal rights in offshore resources to the coastal provinces is a very serious and virtually irreversible decision. Just try to get them back after you have given them.

**An Hon. Senator:** Just try.

**Senator Frith:** Exactly. It is a serious step in itself, but as a part of the whole package of such abdication of federal interests—crown corporations dismantled, Petro-Canada and Loto Canada thrown away, for example—it means that Canadians should ask themselves whether it is clear, to paraphrase Winston Churchill, the present Prime Minister has been elected to preside over the dismemberment of the Canadian Confederation.

**Senator Roblin:** Oh, shame.

**Senator Rowe:** Before my honourable friend takes his seat, I wonder if I may ask a question with reference to one statement he made a moment ago?

He stated that it seems clear that there are very important oil and gas resources off the coast of Newfoundland and Labrador, and he also earlier conceded the likelihood that Newfoundland's case is different from that of other provinces such as British Columbia—I think that is pretty well almost universally acknowledged—but he also said that in the event oil is developed there Newfoundland could get rich—and I think these were his words—at the expense of the maritime provinces.

I do not follow that at all. If, for example, important oil resources are found in the Bay of Fundy, to the benefit of Nova Scotia and New Brunswick, would that mean they were getting rich at the expense of Newfoundland?

I would like some clarification on that before we leave it. It seems to me to be a pretty important matter.

**Senator Frith:** They would be getting rich at the expense of others partners in Confederation, because all the partners in Confederation would have put up the money, as they have done, through tax incentives for those exploring to find resources, and then, because of this agreement, not sharing the revenue. They would get all the results of the exploration while not putting up all of the costs.

It would be like any partnership that says they are going to put so much money in order to develop their potential, and then one of the partners saying, "But, if we make any money, I get it all. I do not share it with the others who put up the money."

**Senator Rowe:** What I think my friend means is that Newfoundland would become rich at the expense of the rest of Canada, not the maritime provinces.

**Senator Frith:** Not only the maritime provinces.

**Senator Smith (Colchester):** Honourable senators, in other times at this hour of the night I would ask your permission to move the adjournment of the debate. Tonight, however, I find myself in a somewhat different situation which may or may not be more difficult.



To set the stage for you, so you will know I have a little trouble about moving the adjournment, I have prepared to deal with the same subject Senator Frith dealt with, not knowing it was to be the subject of his speech. Moreover, I have received a mission to go on public business, as my honourable friends opposite used to call it, which requires me to catch a plane at 8 o'clock tomorrow morning, and I will be away for some days. Consequently, unless I impose myself upon you this evening—I shall, of course, eventually get a chance to deal with the subject—I shall not get a chance to deal with it at what seems to be a very relevant time.

So, if you find me reluctant to move the adjournment of the debate I only hope you will bear with me, although I realize that I am not the only one who has the right to move an adjournment.

● (2220)

I will certainly omit many of those portions of my speech which I would have otherwise regaled you with, and which I am sure would have pleased the Leader of the Opposition and his deputy beyond words. I shall preserve that titillation for another occasion in view of the lateness of the hour.

I should also do something else that I am reluctant to do, and that is shorten any comments of a congratulatory nature with reference to the mover and seconder, His Honour the Speaker, and all other persons who have been quite properly congratulated and thanked. I associate myself with the comments made in that regard. I am not sure I could have improved upon them in any way, but I would have liked the opportunity to have tried. Perhaps they will understand if I simply join in the welcomes already given by others.

I will also, perhaps, not spend as much time as I might have with Senator Austin's comments, particularly those on Petro-Can. I shall confine myself, for the moment at least, to saying that I listened to his litany of things the government did not know. The government did not know anything about the technology used in the oil industry—it did not know anything about the oil business, period, I guess is the way we would put it. It did not even know what a fair return was to oil companies, which strikes me as an abysmal type of ignorance, because I do not think a fair return to oil companies would be much different from a fair return to other businesses, except insofar as one has to make a greater allowance for risk.

I notice and remember very well that the government of the time had no desire to encourage oil companies to go into exploration by way of any provisions regarding taxations or royalties. I remember standing here—I am sorry. I remember standing over there in 1975 or 1976 and pointing out where the government of the day had—presumably not intentionally, but had, nevertheless—embarked upon a course related to taxation and royalties which was bound to discourage oil companies of the time, or anybody else, from taking the risks which, I understand, are inherent in the exploration for more gas and oil. I will say no more about that than this—

**Senator Austin:** Is Senator Smith referring to the Government of Alberta?

**Senator Smith (Colchester):** My confidence in the creation of Petro-Canada, in which the honourable senator played such a part, is not increased by a recitation of the litany of ignorance in which it was conceived, and we will let that one go for the time being.

With reference to offshore mineral rights, I must express my appreciation to Senator Frith for his dealing with the problem. However, I will disagree with some of the things he has said. I should also express my gratitude for having agreed to speak first so that his words of wisdom might come hot off the press in time for me to get them before I had to speak. Little did I know at the time that he was going to speak on offshore minerals. However, I suppose he did not know that I was, either.

So, I have certainly been the beneficiary of his kindness in this respect, and I want to express to him my appreciation for that. He will, being the genial and veteran warrior he is, not expect me to go so far as to avoid the criticism I had intended to make, but he will know that I make it with a somewhat lighter heart than would otherwise have been the case.

I think that his use of the words "little emirates" to describe the Atlantic provinces as areas he did not want to see them become, is the type of phrase which deserves a quick, immediate and vigorous repudiation on behalf of and by any resident of those provinces who heard those words spoken. I hasten to make that repudiation, and to say that this phrase will not be lost upon those of us who believe differently from the honourable senator. They will not be forgotten.

I appreciate that he is still fighting a lost election when he ended his peroration, his very eloquent and learned speech. If there is a tendency on the part of other senators to fight the last election, we will be quite happy to have them do it *ad infinitum*. What we are interested in is doing the things that are right for the present. Of course, when the time comes, we hope that doing well in the present and immediate future will find favour in the eyes of those who judge the government of the day by what they do now, and not what they did or did not do during the last election.

Let us come now to the question of offshore minerals. While I wave a fairly thick pad of papers, I should tell you that my secretary used strong paper.

**Senator Perrault:** Are they weak words?

**Senator Smith (Colchester):** I was coming to that point, but since the honourable senator has led me to it, I will say that she perhaps has heard me on other occasions and, therefore, felt that strong paper might be necessary. Today it might have been better had she picked paper which was more suitable for the words of wisdom of one learned in the law.

I must say that when my respected colleague, the Deputy Leader of the Opposition—I am sorry, I mean the Deputy Leader of the Government. I used to have this trouble with my honourable friend when we were sitting on the opposite side of the house. I guess I still have that problem now. I apologize to the Deputy Leader of the Government for that. He reminded me that some of the western provinces did not receive any

mineral rights on the land which was actually within their boundaries until 1930. I am not sure what inference he wished me to draw from that, because we did not have an opportunity to discuss it fully. I suppose that he is pointing out that in 1930 the federal government of the time, knew that the mineral rights within the borders of those provinces ought rightfully to be theirs and brought about that situation.

● (2230)

From that I draw the further inference that when a federal government knows or has cause to believe that the mineral rights offshore belong to the coastal provinces, then the same course of action should follow. But I do not recall—and, I must confess, I had not had as long a time in politics in 1930 as I have now—I do not recall in those days any outcry about the federal government's balkanizing Canada or turning the western provinces into emirates.

**Senator McIlraith:** The point was the very opposite—that they were to treat all provinces equally, the original provinces and the ones that came in later.

**Senator Smith (Colchester):** We will come to that. In any event, that is all we are asking now.

**Senator McIlraith:** No, no.

**Senator Smith (Colchester):** Oh yes, that is all we are asking now. If you will just listen and be patient for a while, you will find out that your view, at least, is repudiated, and has been repudiated from time immemorial, by the people of the maritime provinces—if it is your view that they have been treated fairly in this matter.

**Senator McIlraith:** I did not say that. I said they had been treated equally. That was the point.

**Senator Smith (Colchester):** Well, I always thought that “fairly” had some relationship to “equally” in terms of being treated. If I take an extra five minutes now in delivering this speech, I am sure honourable senators will know who to blame.

I am willing to draw any conclusion as to intention that anyone wants me to. The point I want to make is that here it was done—for whatever reason. The people who live within the boundaries of the provinces which did not have mineral rights claimed, got them, and they got them from the federal government, and there was no cry of balkanization, and no balkanization followed. In fact, great advantage to those provinces followed, for which I have no envy at all. It has helped to make them good parts of Canada, just as giving these offshore mineral rights which we are talking about now to the Atlantic provinces will help to improve their status as good Canadians as well as to improve their own lot.

I am not so optimistic as to assume that everyone will agree with my exposition of the law, but it is based on a good deal of research done not only by me but by a good many others. It is sound law, and it is law that is certainly sound enough to justify the most favourable consideration to the claim that the Atlantic provinces, individually, own whatever mineral rights there may be off their coasts to the margin of the continental shelf and, in the case of Nova Scotia, on or about Sable Island.

[Senator Smith (Colchester).]

I had not realized, as I said, that this subject would be discussed by others this evening, or in the near future. I had hoped to provoke a discussion. I had hoped that by giving a preliminary survey of the scene as I see it, that at some reasonable time in the future I might give a Notice of Inquiry under our rules and have the good luck, perhaps, to have a number of senators engage in the debate. Perhaps it may still be open to me to do that, or perhaps not. We shall see when the time comes.

Having shortened my speech substantially so far, I shall try to continue to do so to the extent I can without making it more incoherent than it would otherwise have been.

I know and recognize that in 1977 the federal government made agreements with certain coastal provinces by virtue of which, as far as revenues are concerned, 75 per cent was to go to the particular province—this did not include Newfoundland—and 25 per cent to the Government of Canada; that a Board of Administration was to be created, and was created, the expense of which was shared between Canada and the provinces. At the time, seeing no prospect in the immediate future for something better, and on the theory that it is better to settle for a part of a loaf than none at all, I welcomed that agreement as a step forward, but not, by any means, as a conclusion to a long and difficult story, which now seems likely to end in a much more satisfactory way from our point of view.

There are those who say—and I have heard some of them say it, and have read that the present Leader of the Opposition has said it, and, of course, we heard it said tonight—that the Government of Canada has no right to carry out the commitment given by the present Prime Minister about the ownership of offshore resources. Indeed, the Leader of the Opposition in the other place, as well as some senators—this particular error, as I see it, was not shared by Senator Frith tonight—have a wholly mistaken view of the effect of the *British Columbia Reference*, the case referred to by Senator Frith. The Leader of the Opposition in the other place appears to argue, as some do, that the decision in that reference also settled matters as between the federal government and the Atlantic provinces. I deny that, and I was glad to see that Senator Frith seems to have the same view.

This leads, of course, to the frequently mistaken approach to the whole subject, that being an approach based on federal ownership. On this point, it is clearly stated by the Supreme Court of Canada in that reference that it is dealing with the case of British Columbia and British Columbia alone, and that other cases may be different. It clearly recognizes—as Senator Frith again indicated to some extent—the importance of historical facts in establishing any such provincial right to offshore minerals. It further says that in the case of British Columbia, historically there was no right for that province to legislate on offshore matters; that no such right had ever been delegated to British Columbia, and British Columbia did not possess that right when it entered Confederation. But it specifically recognizes that there could have been such a right, that there could have been such delegation, which would be carried with the province which received it into Confederation,



and thus could well lead to a conclusion different from that reached in the *British Columbia Reference*.

Honourable senators, I say there is such an historical difference in Nova Scotia and in other Atlantic provinces, and I hasten to agree again with Senator Frith. I will have to be careful not to forget that I disagree with what I think he felt was the most important part of his speech, that being that Newfoundland appears to have the best case of all four provinces. But that is not to say that the other provinces have not got perfectly good cases. Newfoundland's case rests on a somewhat stronger basis, if it does, simply because its entry into Confederation did not occur until 1949, as everyone knows, and by that time certain things which had been only claimed for a long while had become recognized to the benefit of Newfoundland, which I do not begrudge that province at all.

● (2240)

It never occurred to me in respect of Newfoundland, as it now appears that they may benefit from some of these offshore rights, that they were going to get rich at the expense of Nova Scotia or Prince Edward Island or New Brunswick. It only occurred to me that here in the Atlantic region at last it looked as if somebody was going to prosper from a resource which nobody had known previously was there, but which now looks as though it might be developed and bring wealth to Newfoundland. I do not begrudge them a moment of that, or a cent of it. I hope it is successful beyond their dreams in improving their lots as individuals and as a province. In the process, even if nothing happens off Sable Island, we in Nova Scotia will be bound to benefit from it, not as much as if it were nearer to us than to them, but what matters that? This is one area where if development is good for Newfoundland, they deserve it, and it is also good for the other Atlantic provinces. And any argument I make today or any other time on this matter, I make it as well for Newfoundland or for Prince Edward Island or for New Brunswick as I do for Nova Scotia, although, of course, my heart lies somewhat closer to Nova Scotia than to any other place.

Again I say I think it is fundamentally important at this stage to make it perfectly clear to every person concerned with this matter, whether in the other place, in this house or in the public at large, so that it may be understood by all, that the *British Columbia Reference* does not decide the ownership of offshore minerals on the Atlantic coast, and certainly even by the specific statement by the court itself in delivering its opinion, nothing else is decided. It is open to any other province to make whatever claim the facts and the law will justify, and where there are different historical facts the claim has to be viewed in a different light.

Of course, in considering the right as between Canada and any of its provinces, one has to start with the British North America Act. I am not going to recite the whole act—perhaps half of it will be sufficient—but I would like to draw attention to the fact that section 91 sets out those matters specifically within the jurisdiction of Canada, and I recognize the great breadth of the rights which can be found under the provisions

with reference to peace, order and good government in the residuary powers of Canada and in the exceptions which are contained in section 92, the section which enumerates the provincial rights. The exception, for instance, where Canada has the right to declare any work in any province to be for the general advantage of Canada, or of any two provinces, and thus bring it within the jurisdiction of Canada. I am aware of all that and I believe I have given all those very wide powers full consideration in coming to the conclusion I am placing before the Senate tonight.

With reference to Senator Frith's argument that only Canada as a nation, as a sovereign state, can deal with other powers with relation to matters affecting Canada, I refer him to the British North America Act, not to disagree with him insofar as it concerns who deals with other powers on the part of Canada—it must be Canada—but to demonstrate to him that the framers of this act did not contemplate that provinces could not have rights which were the subject of negotiation with other provinces, because section 132 specifically reads:

The Parliament and Government of Canada shall have all Powers necessary or proper for performing the Obligations of Canada or of any Province thereof, as Part of the British Empire, towards Foreign Countries arising under Treaties between the Empire and such Foreign Countries.

And now, of course, directly between Canada and such foreign countries. And so while I appreciate that that is an argument which is frequently used, I say it does not in any way prohibit the provincial ownership of offshore mineral rights or any other rights simply because it has to be the subject of negotiations, or might have to be the subject of negotiations, between Canada and the foreign power. I say the act contemplated that.

Now, there are many other sections of the act besides sections 91 and 92 that are relevant. For instance, section 7 says that the provinces of New Brunswick and Nova Scotia should have the same limits as they had at the time the act was passed. So that anything that belonged to either of those provinces at that time belongs to them now unless they have given it up, and that does not appear in the British North America Act with respect to any other province. This reserves and brings into Confederation as part of New Brunswick or part of Nova Scotia whatever rights and boundaries whether at sea or otherwise which either one of those provinces possessed prior to Confederation.

Section 109 states among other things that all mines, minerals and royalties belonging to Nova Scotia and other provinces at the time of the union shall continue to belong to that province after the union. Again this brings into the union but preserves as the right of the province whatever right that province may have had with reference to minerals, wherever the object of those rights was located, if it had the right in 1867.

There is some argument about section 108 which is alleged to convey Sable Island to Canada because it uses the words in saying what belongs to Canada, "lighthouses and piers, and

Sable Island." Well, the people who say that that conveys Sable Island to Canada are driven to say that merely incidentally in a schedule to section 108 the whole island is transferred from the ownership of Nova Scotia to the ownership of Canada, and however lightly anybody may have regarded an island, even in those days, which was mostly sand, surely it is unreasonable to think just as an individual, and equally unreasonable to think in any legal sense, that that kind of casual way would be used to give away an island. Remember the phrases and the words, and I have used them all—"lighthouses and piers, and Sable Island"—one clause. At that time there were on Sable Island not only lighthouses but humane establishments, built there and paid for by the revenues of Nova Scotia, which were commonly referred to in the statutes of Nova Scotia as humane undertakings.

● (2250)

There were also phrases in those same statutes referring to property in relation to these humane establishments, namely, property of a kind that was part of the humane establishment. I suggest, and every Nova Scotian who considers the matter suggests, that all that was ever intended to be given, and it was given under schedule 3 to section 108, was those humane establishments and the property that went with them pursuant to the phrase in the Nova Scotia statutes from which it was clearly taken.

These works were, as I say, not only referred to in conversation as humane works or humanitarian works, but were actually referred to as humane works in the statutes of Nova Scotia at the time.

As to the historical facts, Nova Scotia's recorded history is far different from that of British Columbia. I will not start you back at the Norsemen, but I do want to start tonight, even in this abbreviated dissertation, at the Treaty of Utrecht in 1713.

Nova Scotia, or Acadia as it was then called, which also included a very much larger territory of land than the present Nova Scotia, and sea as well, was very much in the minds of those European countries who were doing the exploring and colonizing of the time in North America. It was the subject of a great many military and diplomatic activities.

The Treaty of Utrecht, made, as I say, in 1713, was between Great Britain and France. It provided for many things, but the important thing to note now is that it conveyed to Britain "all Nova Scotia or Acadia with its ancient boundaries—and all other things in those parts, which depend on the said lands and Island—and all rights whatsoever—". And certainly neither England nor France in those days was very modest about claiming the right to exercise jurisdiction over the sea.

The Treaty then proceeded to deal with the right to fishing in all seas, bays and other places on the coast of Nova Scotia and all those waters which lie toward the east within 30 leagues—east within 30 leagues!—beginning from the island commonly called Sable inclusively and then stretching along toward the southwest. The Treaty, therefore, which is part of the law and of the history of Nova Scotia purported to deal and did deal not only with the land mass of Nova Scotia and

its seas and bays but 30 leagues seaward from Sable Island. And Sable Island is already some 80 miles out to sea. So there is 260 miles of water which even as long ago as 1713 those two great powers purported to deal with. That again, I say, is part of the history of the law relating to Nova Scotia.

Fifty years later, in 1763, the Treaty of Paris was signed. The parties to that Treaty were Britain, France and Spain and, immediately upon signature, it was acceded to by Portugal. These, honourable senators, were all the great countries of Europe which were interested in this part of the world at that time. I am sorry. We are a little away from Nova Scotia now. I meant which were interested at that time in the eastern sea coast of what is now Canada. These were the four powers most actively concerning themselves with and exploiting the New World and its resources.

This, then, was not merely a bilateral treaty but was international in a much wider and true sense. In fact, it was international in the complete sense insofar as it concerned the countries which were then taking any interest in the seas off Nova Scotia, in any event.

It dealt, of course, with many parts of the world, but among other things it confirmed the Treaty of Utrecht as a treaty which was, in specific words, "thereby renewed and confirmed in the best form."

My colleagues from Cape Breton will be interested to recall that that treaty conveyed the Island of Cape Breton to the Crown of England. The treaty confirmed to England in general everything that depends on the said countries, lands, islands and coasts with the sovereignty, property, possession and all rights acquired by treaty or otherwise.

It also dealt with the matter of fishing in the Gulf of St. Lawrence, and so far as Cape Breton goes at a distance of three leagues from all the coasts belonging to Cape Breton.

Again I say it will thus be clearly seen that these treaties, and in this case the four countries, were purporting to deal with not just the land mass but as far to sea as Sable Island and 30 leagues beyond.

This same sort of thing can be seen in the commissions granted to the governors of Nova Scotia or Acadia at that time. The governors' commissions from the first, such as, for instance, the one to Lord Cornwallis in 1749, made mention not only of being governor of Nova Scotia but over the province and with all the rights, members—whatever "members" may mean—and appurtenances whatsoever thereto belonging. And so it was with following commissions to following governors.

During this period also there was a good deal of correspondence between the authorities in England and the governor for the time being instructing the governor to establish a legislative assembly for the purpose of helping the governor to govern the country. The recipients of this correspondence were not as prompt as they might have been in establishing such an assembly, but in Nova Scotia the first legislative assembly came into being in 1758. This was the beginning of representative government in what is now Canada. The governors at that



time, and in the following years up to Confederation, were pursuant to their commissions authorized and instructed to pass such laws as, with the assistance of the council and the assembly, might be proper and desirable. From that time forward the assembly did function and the statutes passed used the phraseology: "Be it therefore enacted by the Governor, Council and Assembly as follows."

A large number of statutes were enacted from 1758 to the time of Confederation in Nova Scotia. They dealt with many different subject matters. But the governor, council and assembly did not hesitate to legislate in respect of matters offshore. Many of these statutes, including all public statutes that were then in force in the province, were consolidated in what was called the Consolidated Statutes of Nova Scotia, 1864, being the third consolidation of such statutes. In them can be found the statutes I have mentioned and will mention, as well as many others.

● (2300)

As early as 1870 Nova Scotia enacted a statute prohibiting the throwing into the sea, within three leagues of the provincial coast, of any offal—and there was quite a description of what was regarded as offal; but, in any event, they were exercising the jurisdiction over the water three leagues out to sea.

Nova Scotia in 1836, Prince Edward Island in 1843 and New Brunswick in 1853 began exercising general jurisdiction over their territorial waters under a series of statutes often called the "hovering acts". Such acts empowered customs and excise officers to board any ship hovering within three marine miles of the coast, and if necessary to forfeit them to the Crown if in breach of the statute. It so happens that those statutes were specifically approved by the Crown in England, although they did not require such approval to be valid.

A further example should be noted in respect of mining rights under the sea off Cape Breton. Grants of such leases had already been made before Confederation, and continued afterwards, and indeed still continued as long as the mines in question were privately owned. Beginning in 1893, Newfoundland enacted similar hovering legislation and exercised customs jurisdiction over the so-called three-mile limit, and later extended its jurisdiction farther.

The continental shelf provides a different sort of problem. Senator Firth mentioned it. It is indicated in the British Columbia case that the matter was first discussed in certain negotiations between the United Kingdom and Venezuela in the 1940s. President Truman of the United States proclaimed, not long after the Second World War, that the United States wanted everyone to know that it was claiming all the beds of the sea up to and including the margin of the continental shelf.

Later there have been international conventions dealing with this matter, including those under the auspices of the United Nations, namely, that the first mention of ownership of the continental shelf took place in the 1940s with President Truman's proclamation after the Second World War. It is often

argued that that is where the ownership of the continental shelf began.

But President Truman took great care to make clear that that was not his position. In his declaration he did not say that he was just now asserting title for the first time, as something just acquired. Rather he put it in terms which indicated clearly that though the jurisdiction had long existed, the technology for extracting the minerals and other valuable matter in the bed under the sea of the continental shelf had not readily been available but was now becoming available, that the United States was going to use that technology, and he wanted everyone to know it.

Referring again to Nova Scotia, as will be seen, jurisdiction as far as 30 leagues southwest of Sable Island was dealt with in the Treaty of Utrecht and confirmed by the Treaty of Paris. More than that, in various places in the world, coastal states have exploited resources of various kinds under the open sea, as can be found in the very learned book by a Canadian who lives not far from here, whose name is perhaps known to many honourable senators. It is Mr. G. V. Leforest whose book *Natural Resources and Public Property Under the Canadian Constitution*, was published, I believe, in 1969.

Among other things it states that coal mining has been conducted under the open seas beyond the three-mile limit off Great Britain.

Fisheries, such as oysters, which live close to the sea bed, are claimed by numerous coastal states:

—even when they are found beyond territorial waters.

He points out that:

no one has ever questioned the right of Britain and France to construct a tunnel under the English Channel.

In the British Columbia case, Leforest says:

the provinces could point to the fact that a number of claims to resources beyond the three mile zone have been recognized under international law and under English law.

He goes on to say:

It is true that the Supreme Court in the British Columbia case said "Canada is the sovereign state which will be recognized by international law as having the right stated in the convention of 1958, and it is Canada, not the province of British Columbia, that will have to answer the claims of other members of the international community for breach of the obligations and responsibilities imposed by the convention."

There are many who will say that because this particular phrase, or set of sentences, was used by the Supreme Court of Canada in the British Columbia case, it amounts to a judgment or ruling, that even in other cases the continental shelf has to be treated as if it were something new, that was not existing at the time of Confederation.

I do not believe that can be found in the decision at all. Just as in the other matters relating to British Columbia, I believe that the court is talking about things that did not exist, so far

as British Columbia was concerned, at the time it entered into Confederation. In any event, the court was very careful to say that their whole decision applied only to British Columbia.

So I do not accept that the Supreme Court decided, or ever intended to decide, anything about the continental shelf except in relation to British Columbia; and clearly once they decided that British Columbia did not own the land under, or exercise jurisdiction over, the territorial sea, it could not possibly extend its ownership from something that did not exist to take in the continental shelf.

But in the Atlantic provinces that is not so. They did own the territorial sea at the time of Confederation; they did have the capacity to exercise ownership over the extension of that territorial sea to the margin of the continental shelf; and history shows that they did have the jurisdiction and that it was granted to them as far back as 1713 and confirmed in 1763.

Further, from the earliest times, the time of the Romans, the time when the Dutch were a great power on the sea, writers on the law of the sea appear to have claimed that coastal states did have jurisdiction over the seas off their coasts as far as necessary for them to provide for their security—and they seemed to have extensive views as to how far it was necessary to go to maintain that security.

I have to agree, of course, that there is an English case of *R. v. Keyn* mentioned in the British Columbia case, and mentioned frequently in dissertations relating to this matter, where 11 judges by a majority of one decided that the realm of England ended at the low water mark, and that beyond the low water mark was within the jurisdiction of “the admiral.” That case was decided in the early 1870s and has been much disputed ever since, though I have to say it seems to have been given some weight by the Supreme Court of Canada in the British Columbia case.

It is to be noted, however, that the United Kingdom Parliament was not satisfied with such a conclusion, for in 1978 it passed a statute, the effect of which was to overcome some, if not all—and perhaps all—of the problem resulting from *R. v. Keyn*. Here there was clearly recognized the jurisdiction to legislate beyond the low water mark, beyond whatever was necessary to take care of the decision in *R. v. Keyn*. Just as the Parliament of Britain had jurisdiction to legislate their relation to their coastal waters, so they had delegated long before that, and the four Atlantic provinces exercised before that, the right to legislate far at sea.

● (2310)

Again, I say, as in the case of the territorial sea, the Supreme Court of Canada case does not cover the ownership of offshore minerals in the continental shelf off the Atlantic provinces.

Returning for a moment to Sable Island, clearly, by the Treaties of Utrecht and Paris, Sable Island was treated as an integral part of Nova Scotia. It is submitted that this practice of treating it as part of Nova Scotia continued without interruption until Confederation, and, indeed, was not interrupted

then. For instance, Chapter 21 of the Third Consolidation of Nova Scotia Statutes 1864, to which I referred earlier, established a board of works with jurisdiction over the island. Here you will find mention of the humane works with reference to lifesaving. It is directed to supervise and manage all other buildings and property on the island belonging to the province—there is that word “property”—or which may be placed by the province under its care “with all the lighthouses, buoys and beacons erected or to be erected—” and also Sable Island as well as all the establishments for humane objects thereon. This statute also provides that the money necessary shall be drawn from the receiver general on the accounts presented annually to the assembly.

Chapter 23 of the same consolidation deals particularly with Sable Island. It authorizes the board of works to make rules for the government of Sable Island, for administering relief to shipwrecked persons as well as for the general management of the island. It also specifically states that in all proceedings in any court Sable Island shall be held to be within the county of Halifax.

Honourable senators, you will be glad to know that I am very close to the end of what you have so kindly allowed me to say.

This is only a thumbnail sketch of the claim of Nova Scotia, and, to some extent, that of the other Atlantic provinces to the offshore mineral resources—resources to the outer edge of the continental shelf, as well, in the case of Nova Scotia, as the right to Sable Island.

The action of the Prime Minister in undertaking to transfer completely control of these resources to these provinces is of the greatest importance to them. No doubt, as has been seen tonight, there will be substantial debate about carrying out this transfer; but in this debate all who take part, or listen, or read, can have no excuse for failing to realize that the Atlantic provinces claim with vigour, with determination and with confidence, that they are on sound legal ground whenever they say that the British Columbia reference does not decide their claim, and that moreover it is not applicable to them.

Nova Scotia and New Brunswick have another claim on moral grounds, though admittedly not on legal grounds. I have mentioned it briefly before, in an indirect way, and it is simply this. They were two of the original partners in Confederation. When Canada acquired that tremendous part of what is now our country, some of which was used later to create or enlarge other provinces, Canada then consisted of a very small number of provinces, and Nova Scotia, as well as New Brunswick, as well as the other two provinces, were part owners of all of that vast territory.

The portions—the very large portions—of this territory that were used to enlarge or create other provinces carried with them to those other provinces untold value in natural resources, much of which is undiscovered even now. At that time it was not possible, because of the geographical situation, to extend such expansion to the maritime provinces or to Newfoundland—certainly to the maritime provinces. Thus a



direct share in this great wealth was denied them, that was available to the other provinces, though it was denied, of course, by geography and not by any specific human act. Surely now, when there seems to be a good chance that they in turn may benefit from the discovery of resources in which geography does allow them to share, they should not be deprived of the opportunity to do so in the fullest and most generous measure.

Thank you, honourable senators, for your kindness.

**Senator Godfrey:** I have a question for the honourable senator. If Nova Scotia was so convinced, and if it is so clear, that they have the legal right to these offshore mineral rights, why were they reluctant to go to the courts to establish their rights, and why did they make a settlement on the 25/75 per cent basis?

**Senator Smith (Colchester):** To begin with, of course, the government of the time contained no one of the political belief to which I now adhere. Secondly, as I understood it at the time, and as I reluctantly accepted myself, as an interested citizen in public life, it was simply that here was a chance to get 75 per cent of the revenue to be derived, and to have the federal government share in the administrative costs in the way set out in the agreement. This seemed better than perhaps could be obtained by any other means without taking some risks. No lawsuit or claim is ever so sound that you can be sure how it is going to turn out when it gets to court. It was received, as I think I said in the very beginning, by many, including myself, as something that was better than no loaf at all. It was never received by myself, and never received by many Nova Scotians as any full and complete satisfaction of their claim.

**Senator McElman:** I have a question for Senator Smith (Colchester) if he would allow me, please.

In the latter part of his remarks he said that this was a thumbnail sketch of the position of Nova Scotia and the other either Atlantic or maritime provinces. Is it not a fact that the Premier of New Brunswick, Mr. Hatfield, still supports the agreement that was made with the Government of Canada for the 75/25 division, and that that 25 per cent encompassed costs that the federal government would bear with regard to administration, cleanup of oil spills, and so on? Is it not a fact that he still supports the 75/25 division?

**Senator Smith (Colchester):** I do not have any doubt about that, and there are very good reasons for it. After all, he does not have Sable Island, and he does not have the Grand Banks. In any event, he was a party to the agreement in the first place. Obviously, if he thought it was the best he could get then, he is not going to denounce it now. I am sure, however, that he believes that the Atlantic provinces have the kind of claim I have put forward, and the kind of right I have put forward.

● (2320)

Just because he accepts—as I did myself at the time—the agreement of 1977 was better than nothing, I would not be inclined to accept any assertion, except from him, that he has ever abandoned the views which he once held that the ownership of these rights were, as I have described them, in respect to Nova Scotia.

**Senator McElman:** Like Senator Smith I recall very well the long period of years of negotiation on the offshore which goes back beyond the time I was associated with provincial administration. Although we did not feel that the British Columbia ruling had any effect upon us, following that ruling it was felt to be unwise for the three maritime provinces not to proceed with a reference to the Supreme Court of Canada. Our case was—I shall not say “thin”, but would the honourable senator agree that it was not quite as “thick” as we would have liked it to be to go before the Supreme Court.

**Senator Smith (Colchester):** It is pretty hard to disagree with that, in a sense, because no one can ever be sure of winning a lawsuit, no matter how strong his case is. The honourable senator and I see pretty well eye to eye in this matter although I think it would be a more accurate description to say, as I said, that while you are never satisfied with a part when you think you own the whole, sometimes you are satisfied with a part when you see it is going to be very difficult to obtain the whole or that you may risk, as must be the case with any lawsuit, losing everything. When you know that the other fellow is adamant and he has the funds and the resources, and you cannot be sure of winning your case, then very often, as we who practise the law know, you advise your client, with great regret, that it is probably better to take part of the loaf than risk the whole loaf.

So far as I am aware, the view was that if the present party now in office in Ottawa ever came to power, it would carry out this transaction. This view has been stated by the present Prime Minister. This party has always held that view and has always put it forward. When I say “always”, I do not mean since time immemorial, but certainly within the last 15 years or so.

On motion of Senator Steuart, debate adjourned.

## BUSINESS OF THE SENATE

**The Hon. the Speaker:** Honourable senators, I would normally have called the inquiry standing in the name of Senator Molson, and also the three motions which stand in the names of Senators Olson, Bosa and Haidasz. Is it agreed that they stand?

**Hon. Senators:** Agreed.

The Senate adjourned until Wednesday, October 24, at 2 p.m.

## THE SENATE

Wednesday, October 24, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### NORTH ATLANTIC ASSEMBLY

TWENTY-FIFTH ANNUAL SESSION—OPENING CEREMONIES IN  
SENATE CHAMBER

**The Hon. the Speaker:** Honourable senators, I have the honour to report that the opening ceremonies of the Twenty-Fifth annual session of the North Atlantic Assembly will be held in this chamber on Friday morning, commencing at 9.30 o'clock. Subsequent sessions will be held in the Conference Centre.

I might say that the Senate venue for this international assembly meeting is according to established Senate precedent.

The North Atlantic Assembly, created in 1955, is the inter-parliamentary assembly of member countries of the North Atlantic Alliance. It provides a forum where West European and North American parliamentarians meet regularly to discuss issues of common interest. The aim of the Assembly is to promote and further the aims of the Atlantic Alliance as detailed in the North Atlantic Treaty.

The North Atlantic Assembly has 172 members who are nominated by their national parliaments. They will be welcomed to Canada on that occasion by the Prime Minister.

Our colleague, Senator Hamilton McDonald—Senator Hammie McDonald as we know him—is the distinguished head of the Canadian delegation, the membership of which includes Senators Austin, Lang, Lafond, Walker and Yuzyk. It also includes 18 members of the House of Commons. The secretary of the delegation is Colonel Tom Bowie, who is known to all of you.

### PARLIAMENT BUILDINGS

#### FIRE PROTECTION

**The Hon. the Speaker:** Honourable senators, Senator Molson directed a question to the Leader of the Government last night, and in doing so he stated at that time that he regarded the subject of his question as a matter having a "certain urgency." He asked the Leader of the Government to find out for the Senate what arrangements there are for the protection of these buildings in case of fire.

I am informed that my office has been asked by the office of the Leader of the Government to make the necessary inquiries and to report, in due course, to the Senate. I may say that I have already initiated those inquiries. They are not yet complete. The matter has been referred already to Mr. Alex Hope,

the Dominion Fire Commissioner, and I have asked him to advise the Senate as to the present status of the security arrangements in regard to fire protection for the Senate. It is my intention to report to the Senate in more detail when I have that information.

### DISTINGUISHED VISITORS IN GALLERY

SPEAKER AND DEPUTY SPEAKER OF THE NEWFOUNDLAND  
HOUSE OF ASSEMBLY

**The Hon. the Speaker:** Honourable senators, I should like to call your attention to the presence in our gallery of the distinguished Speaker of the House of Assembly of the Province of Newfoundland, the Honourable Len Simms, and his deputy, Mr. John Butt.

They will be leaving us this afternoon to pay a similar visit to the Speaker of the National Assembly of the Province of Quebec.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Report of the Superintendent of Insurance on the Administration of the *Investment Companies Act* for the fiscal year ended March 31, 1979, pursuant to section 27(1) of the said Act, Chapter 33, Statutes of Canada, 1970-71-72.

Report of the Superintendent of Insurance on the Administration of the *Pension Benefits Standards Act* for the fiscal year ended March 31, 1979, pursuant to section 22 of the said Act, Chapter P-8, R.S.C., 1970.

Report of the National Librarian for the fiscal year ended March 31, 1979, pursuant to section 13 of the *National Library Act*, Chapter N-11, R.S.C., 1970.

Report of the National Museums of Canada, including accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 22 of the *National Museums Act*, Chapter N-12, R.S.C., 1970.

Report of the Superintendent of Insurance on the Civil Service Insurance Fund for the fiscal year ended March 31, 1979, pursuant to section 21(2) of the *Civil Service Insurance Act*, Chapter 49, R.S.C., 1952.

Copies of Order in Council P.C. 1978-1380, dated April 27, 1978, amending the Hazardous Products (Hazardous Substances) Regulations, made by Order in Council P.C. 1970-373 of March 3, 1970, as amended, pursu-



ant to section 7 of the *Hazardous Products Act*, Chapter H-3, R.S.C., 1970.

Copies of Order in Council P.C. 1979-2051, dated August 2, 1979, making regulations prescribing requirements for certain glass containers of carbonated drinks, pursuant to section 7 of the *Hazardous Products Act*, Chapter H-3, R.S.C., 1970.

Copies of Order in Council P.C. 1979-2170, dated August 16, 1979, making regulations respecting the advertising, sale and importation of fire warning devices for household use, pursuant to section 7 of the *Hazardous Products Act*, Chapter H-3, R.S.C., 1970.

Copies of Orders in Council P.C. 1978-1382, dated April 27, 1978, P.C. 1978-1536, dated May 4, 1978, P.C. 1978-2451, dated August 9, 1978, P.C. 1978-3807, dated December 21, 1978, P.C. 1979-2050, dated August 2, 1979, and P.C. 1979-2303, dated August 24, 1979, amending Part I of the Schedule to the *Hazardous Products Act*, Chapter H-3, R.S.C., 1970.

Copies of Orders in Council P.C. 1979-2169, dated August 16, 1979 and P.C. 1979-2759, dated October 11, 1979, amending Part II of the Schedule to the *Hazardous Products Act*, Chapter H-3, R.S.C., 1970.

Report of Canadian Commercial Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 13(1) of the *Canadian Commercial Corporation Act*, Chapter C-6, and sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

## QUESTION PERIOD

● (1400)

[English]

### INTERNATIONAL TRADE

#### GOVERNMENT AID TO EXPORTERS

**Senator Perrault:** Honourable senators, a question, first of all, to the Honourable the Minister of Industry, Trade and Commerce. The minister is reported in the press to have stated to the Canadian Export Association's annual meeting that Canadian business must become more aggressive—"aggressive competitors" were the words he used, wearing his rugged free enterprise hat, and he warned that government intervention on their behalf was ended. That announcement was made. In view of these reports, would the minister tell us those measures that are going to be terminated under his leadership as Minister of Industry, Trade and Commerce to put Canadian business on a more "rugged," "free enterprise," "competitive" basis with the world?

**Senator de Cotret:** Honourable senators, I never made any statement to the effect that the government would not be supportive of Canadian business.

**Senator Perrault:** The *Globe and Mail* report went on to say:

Senator de Cotret was referring to what he said was the previous government's tendency to do the private sector's job for it, including market surveys and trade negotiations.

Now, that is a rather specific statement by the Honourable the Minister. Can the minister tell us where the previous government failed the Canadian people by assisting in trade negotiations? May I suggest that the previous government's record to assist trade was substantially better than the disastrous negotiations with respect to Candu in Argentina, the disastrous Canadian efforts on behalf of reactor sales in Japan, and the Middle East trade debacle. Perhaps the minister may wish to describe for us these areas of failure by the previous government referred to in the *Globe and Mail* article.

**Senator de Cotret:** Honourable senators, once again I have not had the benefit of reading the report the leader is quoting from. I never made any mention of market surveys. I can assure you that the Department of Industry, Trade and Commerce, as it always does, is very actively engaged in providing business with the most up-to-date and accurate information on market potential around the world. Apart from market surveys, the leader mentioned something else that I was discontinuing, or alleged to be discontinuing.

**Senator Perrault:** I would be pleased to quote again from the first page of the *Globe and Mail* business section for today:

Senator de Cotret was referring to what he said was the previous government's tendency to do the private sector's job for it, including market surveys and trade negotiations.

Do we have here today, then, a denial by the minister that these remarks were ever made to any reporter or during the course of his remarks to the Canadian Export Association?

**Senator de Cotret:** Absolutely. I never talked about market surveys in any way, shape or form. And regarding trade negotiations, honourable senators, I must say that I am quite surprised, because I took pride in and made a point of mentioning to the members of the Canadian Export Association in the course of my remarks the initiatives that this new government has taken to open up and further our trading interests with China. I had the pleasure last week of hosting the visit of the Honourable the Minister of International Trade from China, at which time I signed the renewed trade agreement that exists between China and Canada. I also signed an economic protocol to expand our economic co-operation in a number of areas.

A few weeks ago I mentioned to the association that I had signed on behalf of EDC a line of credit of \$2 billion to China. I also mentioned the strong and forthright discussions that took place between the minister and myself during the three days of his visit to open up new market opportunities in this market, which I consider to be a very important market for Canadian exporters in the decade ahead of us. So I fail to see any lack of commitment; quite the opposite, honourable sena-

tor. I can tell you that this government is going to be very aggressive in trade and we expect Canadian business to be aggressive also. What I did say, and what I will say again, is that the government's role in this field is to open the door, to give the opportunity, to establish the links, to provide the assistance that is normal in the course of business, and after that to call upon private industry to sell their products and to develop those markets that we have opened for them. And we will be very strong in that.

**Senator Olson:** The press report is wrong, then.

● (1410)

**Senator Perrault:** Honourable senators, may I say that many of us are reassured to hear these positive remarks from the honourable the minister; but there is such a monumental discrepancy between the reply he has given this afternoon and the press accounts which appeared today in one of the most widely-read and respected newspapers in Canada that I wonder if the honourable minister would be prepared to table, or make available to honourable senators, a copy of his speech? And I know that he will wish to write a letter to the *Globe and Mail* denying and dissociating himself from the remarks attributed to him in that article. It seems to me that would be an appropriate course of action. I suggest it may be a serious misquotation, if we are to assume that it is a misquotation, and I have no wish to dispute what the minister said this afternoon.

**Senator de Cotret:** I am sorry. It is not even a misquotation. I never talked about market surveys. Never did I mention the words "market surveys" in any of my remarks at any time, so far as I can tell, since I assumed office. I have not made any point about market surveys. I have often mentioned the fact that the department is ready to help and to support any exporters with up-to-date, comprehensive and objective information about the economic conditions and markets that are available to us. Certainly, in terms of trade promotion, I have made a number of remarks about the importance we attach to it and I would still like to underline to the honourable senator that I am anxiously awaiting the report of the Hatch Committee on Trade Promotion, which I hope will put before us a number of proposals by which we can further help our exporters in this country in being more aggressive in foreign markets.

**Senator Perrault:** Honourable senators, I am delighted. I know I speak on behalf of other members of the opposition when I say we are pleased to hear a recital of the facts by the minister according to his best recollection of that occasion. Presumably, as well, there was no criticism of the previous government, a reassurance that some of us welcome.

#### TRADE PROMOTION PROGRAMS

**Senator Perrault:** May I ask another question with respect to trade? The minister's cabinet colleague, the Minister of State for International Trade, Michael Wilson, says that there will be a rejuvenated private sector working with the new government to help close the enormous trade gap. Well, that is good news. He says also that new tax incentives will be

[Senator de Cotret.]

introduced for exporters, I presume in the next budget, and the government will also, he says, promote more trade with industrializing countries on the rim of the Pacific Ocean. "The Department of Industry, Trade and Commerce," we are told, "will consider how better to reflect trade considerations in foreign policy and rationalize federal support programs to meet industrial requirements." That seems to go along with the statement made this afternoon by the honourable minister.

Is the minister able to state any further detail with respect to these programs that we may anticipate in view of the very disturbingly large international trade deficit?

**Senator de Cotret:** No, but I will certainly concur in the apprehension and concern expressed by my honourable colleague about our very high current account deficit. It is certainly not a situation we would like to see continue. We certainly are endeavouring, by all the means possible, to turn the tide and see Canada moving towards a reduced current account deficit over the years to come.

I mentioned briefly some of the initiatives we took with China. I also mentioned briefly the report of the Hatch Committee on Trade Promotion. We are reviewing our financing packages available to exporters. The Minister of State for International Trade has mentioned certain measures that might be introduced in the budget to further foster our exports from Canada, and those, of course, will be announced in due time.

There is a thorough review of foreign trade underway with all these various components and certainly we hope to be in a position to announce very shortly new measures and new initiatives to further our trade opportunities, both within our traditional markets of Japan, the U.S. and the ECC, and also with new emerging markets such as China, Mexico, South America, Indonesia and other countries.

● (1415)

#### RELATIONS BETWEEN CANADA AND MIDDLE EAST COUNTRIES

**Senator Perrault:** Honourable senators, there was no statement made concerning the Middle East situation. I should like to ask the minister this question: Following the return of a distinguished Canadian, the Honourable Robert Stanfield, from discussions held in many Middle Eastern states with respect to their attitude toward Canada, have meetings been held between Mr. Stanfield and the minister to discuss what initiatives may be necessary, and what changes in Canadian foreign policy may be desirable, in order to restore some of our lost opportunities in the Middle East? Has a program been developed to establish better relations between Canada and certain disaffected Middle East countries?

**Senator de Cotret:** The answer to the question is no. I have not had the opportunity to meet with the Honourable Mr. Stanfield since his return from the Middle East.



## ENERGY

### REINVESTMENT IN CANADA OF INCREASED PROFITS TO OIL COMPANIES

**Senator Olson:** Honourable senators, I have a supplementary question for the Leader of the Government following the remarks of the minister in expressing his concern for the current international balance of payments. Has the government developed a plan to ensure that the increased profits accruing to many oil companies, as reported in today's press, will be reinvested in Canada to improve future oil supplies coming from Canadian resources?

**Senator Flynn:** All I can say in reply is that the government is considering all matters in defining an energy policy. The problem is certainly one that will be taken into account.

**Senator Olson:** I take it, then, that the government does not have a plan to ensure that the considerable increase in profits will be reinvested in Canada?

**Senator Flynn:** Not a plan that can be announced at this time.

## UNITED NATIONS

### CANADIAN PARTICIPATION—AWARD OF LESTER B. PEARSON PEACE PRIZE TO PAUL-ÉMILE CARDINAL LÉGER

**Senator Macquarrie:** Honourable senators, I should like to direct a question to the Honourable Senator Asselin, who has important international responsibilities. In view of the fact that today is United Nations Day, and in view of the fact that the United Nations Association of Canada, of which both the honourable senator and I are members, has today designated His Eminence Paul Émile Cardinal Léger, as the first recipient of the Lester B. Pearson Peace Prize, which His Eminence described today as the Canadian "Nobel Prize", may I ask the honourable senator, who is a distinguished internationalist and a great friend, if he might take this opportunity to reassure this chamber and this country that despite arguments about procedure and otherwise, Canada, a charter member of the United Nations, still regards the UN as a basic cornerstone of our foreign policy?

[Translation]

**Senator Asselin:** Honourable senators, you will of course understand that my colleague had advised me of his question and his statement. He did not want to surprise me.

Nevertheless, it is with great pleasure that I acquiesce to his wishes and, on behalf of the government and the Secretary of State for External Affairs, pay tribute to Cardinal Léger who at noon today was awarded the Lester B. Pearson Peace Prize by the Governor General. I think this house will unanimously recognize the qualities manifested by Cardinal Léger, who has worked so hard in his mission abroad to add to Canada's prestige and who has done great missionary work in Cameroon, and elsewhere.

I therefore believe that it is with great honour that the Senate endorses the words expressed by the Governor General

to congratulate Cardinal Léger on his being the first recipient of the prize commemorating the former Prime Minister, the Right Hon. Lester B. Pearson.

Also, our government, as all previous governments, is obviously committed to this institution called the United Nations. Without the UN I think many conflicts, which have been brought under control, would have broken out with much more damaging effects.

Also, I think the United Nations, even if they do not provide permanent solutions to international problems, remain a forum where member states can discuss, propose and look for solutions to problems and international conflicts.

As I have said, the new government is fully committed to this institution, as were its predecessors, and we will certainly participate in and contribute to the organization and its general assembly.

• (1420)

[English]

## AGRICULTURE

### IMPORTATION OF CHICKEN FROM THE UNITED STATES—ESTABLISHMENT OF QUOTA

**Senator Argue:** Honourable senators, I should like to direct a question to the Minister of Industry, Trade and Commerce. This concerns an announcement he made a few days ago that Canada had established an import quota against imports of chicken from the United States. My question arises from the fact that farm organizations and chicken producers are very much disturbed by the establishment of what they think is an inordinately high quota, based on Canada's traditional imports of chicken. My question is: Was this discussed with farm organizations before it was announced, and why did the government not establish a lower quota, particularly since there has been such a very, very high increase in imports in the last few years from the United States?

**Senator de Cotret:** With regard to your first question, honourable senator, I will have to consult my colleague, the Minister of Agriculture, to ascertain to what extent there was consultation before the announcement was made. There obviously was consultation prior to that, in terms of the desirability, expressed by the producers, of establishing an import quota. As you well know, under the rules of the GATT, such an import quota has to be negotiated. It was negotiated with the United States, with the results that were announced recently.

As to the last part of your question, I will endeavour to inquire from my colleague, the Minister of Agriculture, the exact reasons why the quota was set where it was. It was obviously the result of negotiations—fairly technical negotiations—at which we were very conscious, I am sure, of our obligations to our own producers.

**Senator Argue:** A supplementary question. In view of the fact that since 1972, I believe it is, imports of chicken from the United States have increased some 15 times or more, and in view of the fact that we are, I believe, abiding by the GATT,

since we are doing this as a result of having a marketing agency in place that does control the supply in Canada, why in the name of heaven did the government not establish a lower quota? I know this has to be done with consultation, but I believe we would be within our rights and within our authority to have established a smaller quota. This might have taken us to GATT, though I doubt it very much. I think we would be within the law by having already established an agency that controls supply.

**Senator de Cotret:** I will be happy to take that question as notice and give you the precise answer as soon as I have had a chance to consult my colleague.

**Senator Bosa:** Will the minister include in his reply why the quota was increased from 1 per cent to 6 per cent per year, when that particular market increased only at the rate of 2 per cent?

**Senator de Cotret:** I will be happy to take that question as notice also.

#### ALLEGATIONS CONCERNING EGG MARKETING BOARD

**Senator Perrault:** Honourable senators, may I ask an auxiliary "fowl" question? Allegations were made in the other place, and again on national television this morning, to the effect that the manager of the Egg Marketing Board receives over \$100,000 a year, and that a member or members of his family are on the payroll of the Egg Marketing Board. There are other very serious allegations.

I wonder whether the government intends to investigate these allegations immediately in order to ascertain whether or not personal reputations are being damaged unfairly, or whether there is some validity to the allegations.

**Senator de Cotret:** I will be happy once again to raise the question with the minister responsible and report back to the house exactly what steps are being taken, and exactly what the situation is with respect to the allegations that were made.

[Translation]

#### FEDERAL-PROVINCIAL RELATIONS

##### OFFSHORE RESOURCES

**Senator Thériault:** Honourable senators, I have only one question for the honourable senator minister of everything. My question has to do with the discussions that went on in this house last night about the decision by the Prime Minister of Canada to give up the jurisdiction over offshore natural resources. After listening attentively to the speech of Senator Smith of Nova Scotia and watching, not the minister because he was not with his monitor who is usually sitting beside him, Senator Murray, and who seemed to agree with Senator Smith, I would like to ask the senator minister if he could tell this house what the policy of the federal government is with respect to federal versus provincial responsibility in fisheries.

**Senator de Cotret:** I would be very pleased to obtain an answer but, as the honourable senator must realize, this is a constitutional matter, and in spite of my responsibilities in the

economic field, I can assure him that I have no direct responsibility in the constitutional area. I will be very pleased to obtain an answer for the senator but that is certainly not one of my areas of responsibility at this time.

**Senator Thériault:** A supplementary. Honourable senators, I have difficulty understanding the minister's answer because after listening attentively last week when he defined his responsibilities in the economic area, which involve coordination between other departments, including the Department of Fisheries and Oceans of Canada, knowing also that this is a discussion that has been going on for several years, and until the change in government in the month of May the national federal government had always refused to give the provinces jurisdiction over the control of fisheries, as I said earlier, after listening attentively to the honourable senator from Nova Scotia last night when he described and dealt with the responsibility of provincial governments, which includes fisheries, I wonder along with all fishermen's associations in the Atlantic provinces what the intentions of this government are in this area.

**Senator de Cotret:** May I repeat, this is a constitutional matter but, to the best of my knowledge, there has been no change in the division of responsibilities between the federal government and the provinces in the area of fisheries. There has certainly been a change in our policy vis-à-vis offshore mineral resources, but not in the area of fisheries. I would be very glad to look this up and give a precise answer. But that is certainly not a policy I am familiar with. I do not think anything was announced in this area.

**Senator Rizzuto:** Honourable senators, I have a supplementary. The Leader of the Government in the Senate, the Minister of Justice, might answer the question.

**Senator Flynn:** I beg your pardon?

**Senator Rizzuto:** The Leader of the Government in the Senate, as Minister of Justice, might still answer Senator Thériault's question if Senator de Cotret is not prepared to answer the question which is not in his area of jurisdiction.

**Senator Flynn:** I believe Senator de Cotret answered there had not been any discussion on this specific matter of fisheries. Still I might draw the attention of the Senate to the fact that we have on the order paper Bill S-3 to amend the Coastal Fisheries Protection Act, the effect of which is to transfer the administration of part of that problem to the provinces. That will come in due time. Perhaps Senator Thériault would read the bill and draw his own conclusions.

● (1430)

[English]

#### AGRICULTURE

##### ANTICIPATED PRICES FOR FAT CATTLE

**Senator Hays:** Honourable senators, I should like to direct a question to the Minister of Industry, Trade and Commerce. I note that the government, in an official publication, is forecasting that 500-pound to 600-pound steer calves will average



\$1.20 per pound in western Canada in the next few weeks. Since such a forecast must presume an anticipated price for fat cattle next summer, would the minister inform us what the anticipated price for A-1 and A-2 steers basis Toronto will be next summer?

**Senator Steuart:** On the hoof.

**Senator de Cotret:** I should be very happy to find out that information.

**Senator Perrault:** It should be right at your fingertips.

## FOREIGN AFFAIRS

### DIPLOMATIC RELATIONS WITH UGANDA

**Senator Hays:** Honourable senators, I should like to ask the Minister of State for CIDA if we have diplomatic relations with Uganda.

[Translation]

**Senator Asselin:** We still have diplomatic relations with Uganda, but as concerns foreign aid, since the government of that country is not that stable, our bilateral assistance to Uganda has been reduced to a minimum.

[English]

**Senator Hays:** But we do have diplomatic relations?

**Senator Asselin:** Yes.

## INTERNATIONAL DEVELOPMENT

### CANADIAN LIVESTOCK AID TO UGANDA

**Senator Hays:** During the late sixties Canada, through CIDA, provided Uganda with several hundred head of cattle to improve their genetic pool. Could the minister tell us what happened to these animals; and indeed, if they are not there, is Canada thinking about helping these starving people by replacing the cattle so that they will have a genetic pool of good livestock cattle from Canada?

**Senator Asselin:** I cannot say I am aware of the purpose of this question about the cattle given to Uganda by Canada in the sixties. The honourable senator should know much better than I, because he was Minister of Agriculture at that time. However, we might study the possibility of sending the honourable senator over there to make his own investigation.

## THE ECONOMY

### EFFECT OF OIL PRICE INCREASE

**Senator Haidasz:** I should like to ask the Minister of Industry, Trade and Commerce whether he agrees with, and is really concerned about, the alarming statement of the Ontario Treasurer that a provincial economic study revealed that Ontario will lose 5,000 jobs for every \$1 a barrel increase in the price of oil?

**Senator de Cotret:** I have not, quite honestly, had the opportunity of reading that report. I have no direct knowledge that that statement was made, I have no knowledge of the methodology used to get to those numbers, and certainly at this point I would have no comment to make on the allegations.

**Senator Haidasz:** Are we believe what the minister says, that the federal government has not made any economic study whatsoever of the grave implications on the economy of this country of the rise in oil prices in Canada?

**Senator de Cotret:** The honourable senator is drawing an inference from my previous comments that I do not think is there. The original question mentioned a very specific study made by the Government of Ontario, and quoted some very specific conclusions. I said that I had not seen the specific study, I had not looked at the methodology and was not in a position to comment on the results. That is not at all to say that the federal government has not looked in great detail at the economic implications of various changes in the price of energy, be it the price of crude, the price of natural gas, the substitution of one for the other, or where we go in terms of our policy of reaching self-sufficiency by 1990. Of course we have extensive studies into that matter, and they will be made public as time goes on and as the debate evolves.

**Senator McElman:** I should like to ask a supplementary question. If all these studies have been done, is the minister not in a position to tell us what a dollar a barrel increase in the price of oil would mean to the industrial heartland of Canada, Ontario?

● (1435)

**Senator de Cotret:** To answer that question, I would have to assume a number of the conclusions of the exercise that is now going on between the Prime Minister of Canada, the Minister of Finance, and the Minister of Energy, Mines and Resources with their provincial counterparts.

Of course, we have made a number of studies. Depending on what agreement is reached between the producing and consuming provinces, depending on how the increase in the price of crude is allocated, what is done with the increased revenues, then the results change. And that is why I say the studies will be made public in due time, but at this point they would be fraught with assumptions that may or may not turn out to be true, and I would certainly not be in a position to comment about that while the negotiations are still proceeding.

**Senator Olson:** Where is the freedom of information?

**Senator McElman:** I have a supplementary question that I should like to ask. Is the minister telling us that at this point when they are negotiating with Alberta for an increase in price—which is variously described as being \$1, \$2 and \$4 a barrel—they do not know or they cannot communicate to the Canadian people what the implications of that will be for, again I repeat, the heartland of manufacturing, industrial Canada, Ontario? Surely the questions raised by the premier and the provincial secretary of that province cannot have passed over the heads of this administration.

**Senator de Cotret:** As I said, the negotiations are under way. They are going very well. They are difficult negotiations. This is a difficult issue. Certainly we have made studies. We have positions on the table that are being actively discussed by all the parties directly implicated, and we will be very happy to table whatever necessary documentation when agreement is reached. I do not think it is appropriate at this point.

**Senator Olson:** Background information only after the thought. That is a 180-degree turnaround.

**Senator McElman:** Is the minister then suggesting that it is inappropriate that the Government of Ontario is, at this point, revealing to the Canadian people the implications of this?

**Senator de Cotret:** No, not if it so wishes.

**Senator McElman:** Is it fair to leave the Canadian people—and so the people of Ontario—with the implications from one side of the picture only, while the Canadian government sits pat with its information and its studies?

**Senator de Cotret:** We are not sitting pat. We have made it very clear that through a process of consultation and co-operation—I know these are rather unfamiliar words to many who are associated with the past government—

**Senator Olson:** Freedom of information. That is not it.

**Senator de Cotret:** In this kind of process we have made very clear that we are trying to strike the best deal possible for the Canadian people. We feel it is very important for Canada to become self-sufficient in energy by the year 1990.

**Senator Austin:** How?

**Senator de Cotret:** Why is it important? It is important for a number of reasons. Do we want Canadians to be at the—

**Senator Austin:** How are we going to become self-sufficient in oil?

**Senator Haidasz:** When?

**Senator de Cotret:** Our detailed energy policy will be announced as soon as these delicate and difficult negotiations are completed.

**Senator Perrault:** That is one way of describing it.

**Senator McElman:** I have a supplementary.

All of what you have said is fine, but you have neatly avoided the question of whether it is appropriate for the Canadian government to sit pat with its side of the information—which you tell us it has—and, in effect, let the Canadian people and the people of Ontario be misled with half of the story.

After all, you, sir, are a representative of this new open informational government.

**Senator Olson:** Hear, hear.

**Senator de Cotret:** That is correct, and I will tell you that it is in the best interests of the negotiations that are now under way, negotiations that I have said are difficult negotiations and delicate negotiations, and in the best interests of Canada for the moment, that the various background papers that may

have been prepared—and which assume a number of hypotheses that may or may not come about; that are purely hypothetical at the moment—not be made public. I do not think it would serve any useful purpose to table that information at this time.

● (1440)

**Senator Olson:** The previous government was never that secretive.

**Senator de Cotret:** It never had an energy policy.

## INDIAN AFFAIRS

### JURISDICTION ON CRIMINAL MATTERS

**Senator Williams:** Honourable senators, I have a question for the Leader of the Government in the Senate and the Minister of Justice and Attorney General of Canada. This question relates to the unnecessary and unjustified killing of an Indian by a provincial police officer while on an Indian reserve in the Province of Quebec. I should like to know what the Minister of Indian Affairs and Northern Development is going to do about this explosive matter, which could lead to more people being injured or possibly killed on that reservation. The incident is important in that it occurred just at the time when the peacekeepers of that reservation had come to an understanding with the provincial police and the City of Montreal police.

Will the Minister of Indian Affairs and Northern Development encourage the government of that band to pursue justice through the proper channels—that is, the courts of the land—or will he just brush this matter aside and send a letter of condolence to the victim's family?

As I said, this is important because the eyes of over 300,000 Indians are focused on what the minister is going to do regarding this serious matter.

**Senator Flynn:** Honourable senators, I shall certainly put that question to the Minister of Indian Affairs and Northern Development, but I would point out to Senator Williams that the provincial attorney general is investigating the matter. If this were only an isolated event, it would be of concern only to the Attorney General of the Province of Quebec. The investigation will establish this.

If it has implications as suggested by the honourable senator, it will be looked into by the Minister of Indian Affairs and Northern Development. In any event, I will ask the minister to let me know what he is doing about the matter.

**Senator Williams:** At noon today my information was that there had been no action taken by the responsible legal machinery of the Province of Quebec. This information comes directly from the people of that reservation. That is why I put the question to the Minister of Justice. If the Attorney General of the Province of Quebec is now looking into the case, that is not known to the chief of that band. He has told me he has no knowledge of that. That is why I raised the question.



**Senator Flynn:** I may tell Senator Williams that I discussed this matter yesterday, while in Halifax on the occasion of the CCMC meetings, not with the Deputy Attorney General, but with the Deputy Minister of Intergovernmental Affairs of the Province of Quebec. I was told that the Government of Quebec is aware of the matter. They mentioned that they were looking into it. I think my information is as good as yours.

**Senator Williams:** I thank the Minister of Justice for his statement. I have never implied at any moment that my information was better than his; however, neither have I considered his to be better than mine. As I said, this is not an isolated incident. As a matter of fact, one of the members of the band was fired upon five times by the provincial police last summer.

#### RESPONSIBILITY FOR LAW AND ORDER ON RESERVATIONS

**Senator Austin:** I have a supplementary question. I wonder whether the Leader of the Government, in his capacity as Attorney General of Canada, can advise us whether he has responsibility for occurrences relating to law and order on Indian lands. Can he tell us whether the government's responsibility as trustee for people who live on Indian reservations includes a separate jurisdictional base for the Attorney General of Canada?

**Senator Flynn:** My understanding in this regard is that the administration of justice in areas within a province are the responsibility of the attorney general of the province concerned.

With regard to the case at hand, I understand that a police car followed another car on to the reservation. It was either a provincial police car or a municipal police car. I understand that the police officers entered the reservation to try to catch the driver of a car who had committed some kind of traffic offence, and that an incident occurred in a rather curious fashion. I do not underestimate the implications that may be drawn from the incident, but I think an investigation should establish exactly what took place before conclusions are drawn.

As far as my capacity as Attorney General of Canada is concerned, I know I have no responsibilities at all falling on my shoulders. As I said, the Minister of Indian Affairs and Northern Development may feel it is his duty to look into this matter to see what the implications may be as far as his responsibilities are concerned, but I have no responsibilities in my capacity as Attorney General of Canada.

#### AGRICULTURE

##### REPRESENTATIONS FROM CANADIAN CHICKEN MARKETING AGENCY

**Senator Bosa:** Honourable senators, my question is for the Minister of Industry, Trade and Commerce. The minister usually answers questions very candidly and straightforwardly, but it seems to me that both yesterday and today he did not do so. As a matter of fact, I thought he dodged the question put

by my colleague, Senator Argue, and a supplementary question put by myself, concerning the importation of chicken from the United States. This is a matter that would appear to me to come directly under his ministry. If I am wrong, perhaps the minister could indicate whether it comes under the jurisdiction of the Ministry of the Secretary of State for International Trade. The question is: Did the minister receive representations from the Canadian Chicken Marketing Agency concerning the devastating effects that the increase in the quota of imports of chicken will have on Canadian producers?

**Senator de Cotret:** In answer to your first question—and I am not trying to dodge it in any way—the actual negotiations of an import quota such as this falls under the responsibility of the Minister of Agriculture.

The Department of Industry, Trade and Commerce administers thereafter the issuance of import permits. The Department of Industry, Trade and Commerce administers this, but the actual negotiations, either for an import quota or for export restrictions on commodities such as uranium, or what have you, are done by the department of the minister responsible. It was in that context—I was not trying to duck the question asked by Senator Argue—that I asked to be given a little bit of time to inquire of the Minister of Agriculture as to the exact nature of the negotiations. The quota was set where it was set as a result of those negotiations.

• (1450)

In terms of representations by the producers' group, I would expect, again, that those representations were probably made to the Minister of Agriculture. They were not made to me.

**Senator Bosa:** A supplementary question. In view of the staggering deficit that has been forecast in our current trade account—a forecast that is, I believe, in the neighbourhood of \$10 billion—surely the minister ought to know what effect this change is going to have on that deficit.

**Senator de Cotret:** First of all, let me assure all honourable senators that this government is not forecasting a deficit of \$10 billion on our current trade account. There is no suggestion that the deficit, whether for this year or for next year, would reach \$10 billion. I am aware that there are some in the private sector who have indicated that the deficit could reach that magnitude, but that is certainly not the view of this government.

In terms of negotiations on limiting imports, by the very nature of limiting imports we are going to put a limit on any further deterioration in our current trade position. The limiting of imports will have to have a beneficial impact on the deficit.

**Senator Bosa:** A further supplementary. I hesitate to name the source from which I am quoting my information, but it is a reliable one. I do not quote the source because I can recall the present Minister of Justice once rebuking me for doing exactly that.

I have before me the following quotation:

The deficit in international trade in goods and services may reach \$10-billion in 1980-81, up sharply from an estimated \$7-billion deficit for this year, International Trade Minister Michael Wilson says.

Is he not an authority? Does he not speak on behalf of the government? Is that not an authoritative source of information?

**Senator de Cotret:** That remark—and it was made yesterday, I believe, before the Canadian Export Association—

**Senator Perrault:** That is right.

**Senator de Cotret:** It was made in the context of pointing out that, in some sectors, there are assumptions that the trade deficit could be as high as \$10 billion next year. While the minister did make that statement, it is not a government forecast. It was made to underline the fact that if some people are already starting to talk in these terms, it is time we became much more aggressive in the area of trade. That is not a government forecast. The minister was quoting sources in the industry who have made their own assumptions, their own forecasts, in suggesting that it might reach \$10 billion.

**Senator Perrault:** He should not circulate erroneous information.

## TRANSPORT

### AIRPORT MAINTENANCE

**Senator Norrie:** Honourable senators, I have a question for the Leader of the Government. It has been brought to my attention recently that maintenance crews in our airports are being reduced in great numbers, with the result that at some airports they have only one or two runways operating. In my opinion, this constitutes a danger in the winter to the travelling public. I would ask that the government leader reassure us that this will not continue to be the case.

**Senator Flynn:** Honourable senators, I shall secure an answer to that question from the Minister of Transport.

## INTERNATIONAL DEVELOPMENT

### FOREIGN AID POLICY OF GOVERNMENT

**Senator Hays:** Honourable senators, I have a question for the Minister of State for CIDA. Did I understand the minister to say that the government is reducing aid to countries like Uganda?

[Translation]

**Senator Asselin:** No, I did not say that aid had been cut off. However, as long as the new government in Uganda cannot ensure its stability, our aid as far as bilateral projects are concerned will be reduced. On the other hand, the food assistance program has remained the same.

[Senator Bosa.]

[English]

## THE ECONOMY

### GOVERNMENT INTERVENTION IN CURRENCY EXCHANGE TRANSACTIONS

**Senator Austin:** Honourable senators, before getting to my main question for the Minister of State for Economic Development, I might say that he startles me with the doctrine that a forecast made by a minister is not a government forecast. Perhaps he can enlighten us as to when a minister, in making forecasts, is or is not speaking on behalf of the government.

**Senator de Cotret:** Honourable senators, I tried to make it clear in my previous answer—and I shall do so again—that the minister was quoting private sources when he made reference to the current trade account deficit possibly reaching \$10 billion. He did not make any forecast, either personally or in the name of the government, of a \$10 billion deficit in the current trade account.

**Senator Austin:** I can accept that, but I think a minister should be more careful, because such statements will be adopted by reference unless, when referring to them, he specifically disclaims them.

To go on, I should like to give the *Globe and Mail* a chance to be right one out of three times this afternoon. In its Report on Business, the *Globe and Mail* states that the Canadian dollar yesterday dropped as low as 84.16 cents and that the recovery to 84.36 cents was aided by stepped-up support operations from Bank of Canada currency traders acting for the government.

I asked the minister a question on October 11 last with respect to the policy of the government in intervening in currency exchange transactions in order to stabilize the trading of the Canadian dollar. Could the minister now give this chamber his advice, on behalf of the government, as to the activities we can expect from the Bank of Canada in intervening in these transactions.

**Senator de Cotret:** I shall be happy to refer that question to the Minister of Finance and provide an answer as soon as possible.

**Senator Austin:** I do not mean to be nasty, Senator de Cotret, but that was your answer on October 11.

**Senator Flynn:** It is still valid.

## BUSINESS OF THE SENATE

**The Hon. the Speaker:** Orders of the Day.

**Senator Roblin:** Honourable senators, may I repeat my request of last evening—

**The Hon. the Speaker:** Honourable senators, I am afraid I may have called the Orders of the Day sooner than some honourable senators might have wished. A problem is arising here in relation to the practice of ministers, and perhaps others, who wait until there is a perceptible lull before supplying answers to questions previously asked. Honourable sena-



tors will understand that it is my duty to call Orders of the Day as soon as there is that lull. The Leader of the Government might perhaps advise me as to how we might resolve this problem.

I understand now that there are some questions to be answered, so I shall withdraw my call for Orders of the Day for the time being.

**Senator Flynn:** Honourable senators, perhaps at the end of questioning, the Speaker might invite ministers who have replies to questions previously asked to rise and provide those answers. I am in the hands of the house as to whether that should be done at that point or at the beginning of Question Period. To my mind, it would be better done at this stage.

**Hon. Senators:** Agreed.

## THE ENVIRONMENT

### POLLUTION BY ACID RAIN

**Senator Flynn:** Honourable senators, I have a reply to Senator Steuart's question about the construction of a hydroelectric plant in Coronach, Saskatchewan.

The minister has asked me to thank the honourable senator for his question and to inform him that he has asked his officials for a full briefing and that he will report back to him through my office.

## ENERGY

### MOVEMENT OF OIL FROM ALASKA TO LOWER FORTY-EIGHT STATES

**Senator de Cotret:** Honourable senators, a question was asked last evening by the Leader of the Opposition with respect to the specific dates and the people involved in making our representations to the Americans in relation to the pipeline issue.

The first meeting was on June 6, a meeting of the Ambassador of Canada with the then Secretary of Energy, Secretary Schlesinger. A second meeting took place on June 15, involving a representative of the Ambassador of Canada in Washington with officials of the Department of the Interior of the United States, and then there was a meeting on August 3 between the Ambassador of Canada and representatives of the State Department of the United States.

● (1500)

There was a meeting on August 21 between the Ambassador of Canada and officials of the State Department and the Energy Department of the United States; a meeting on September 6, as I have indicated frequently, consisting of consultations on energy, including senior officials in Ottawa; a meeting on September 21 between the Ambassador of Canada and Secretary Duncan; and a meeting on September 23 between the Embassy of Canada and officials of the State Department in addition to the meeting which I mentioned yesterday between the Secretary of State for External Affairs

of Canada and Secretary Vance. Finally, there was a meeting on September 28 with the delivery of the aide-mémoire.

**Senator Perrault:** Thank you very much.

## GRAIN

### TRANSPORTATION POLICY—STATISTICS RESPECTING WESTERN CANADIAN GRAINS TABLED

**Senator de Cotret:** Honourable senators, I would also like to answer Senator Steuart's question of October 17—some time ago, unfortunately. I now table some specific statistics dealing with grain shipments and grain exports.

**Senator Steuart:** For 40 years?

**Senator de Cotret:** Well, not quite for 40 years yet, but we are still working on that.

*Senator de Cotret then tabled:*

Three statistical tables respecting movement of western Canadian grains for the periods from June 1 to October 11, 1978 and May 31 to October 10, 1979; namely, Producers' Marketings—Prairie Provinces, Cumulative Total of Shipments from Prairie Country Elevators and Total Exports of Canadian Grain.

## BUSINESS OF THE SENATE

### POINT OF ORDER

**Senator Frith:** I rise on a point of order. It is suggested that the tabling of answers to questions previously asked should come at the end of the Question Period. Does that mean that those answers are to end the Question Period, and that further questions cannot be asked arising out of the answers tabled?

**Senator Flynn:** No, no. They could.

**The Hon. the Speaker:** Honourable senators, in answer to the question posed by Senator Frith, I would say that there is no rule to that effect. I was merely attempting to create a situation where I would not call Orders of the Day when there are questions pending or when ministers or others are prepared to answer previous questions. I think honourable senators will appreciate the reluctance of ministers and others to rise when they might feel that they were cutting off questions. Therefore I would say in reply to Senator Frith there is no such rule, and we shall carry on as we have done up to now without further intervention from me.

**Senator McElman:** Honourable senators, it is not too often that I disagree with the Honourable the Leader of the Government, but in this case I would pray to do so and make the suggestion that when ministers bring with them at the outset of a sitting answers to questions posed the day before or at previous sessions of the Senate, it would be most useful if those were given at the start of the Question Period. This would enable senators who are pressing for information in a given area to ask supplementary questions and it might very well also obviate some questions that would arise and be answered.

**Senator Flynn:** I have no objection to that. His Honour the Speaker could invite ministers who have answers to questions previously asked to provide the answers right at the beginning. There is no problem with that. If that is the wish of the house, then I am in your hands.

**Senator Perrault:** May we discuss it?

**Senator Flynn:** The Leader of the Opposition suggests that we discuss it, and we will report the conclusions to which we have come.

**Senator Olson:** Don't use them for red herrings.

#### TABLING OF DOCUMENTS AND PRINTING OF APPENDICES

**The Hon. the Speaker:** Honourable senators, before I call the Orders of the Day, a question has arisen regarding the phrase quite often used here, "I wish to table—". There is some doubt as to what may be meant when that phrase is used. There may be occasions when a minister or senator may wish to table a document or to have the document appended to the proceedings of the day. I would suggest to honourable senators that if they wish to have a document either tabled or appended to the proceedings of the day, they should indicate which of those two courses they wish to have followed. Certainly in the case of a request to append a table or a document to the proceedings and to have such printed as part of the proceedings, I am required to put that as a question to the house. Perhaps Senator de Cotret would indicate which he wishes.

**Senator Roblin:** With respect to your point of order, Mr. Speaker, it seems to me that on tabling, the minimum that one would expect would be that the document concerned be supplied not only to the Clerk at the Table but also to the Leader of the Opposition and to the lady or gentleman who asked the question. That usually provides sufficient circulation for most questions that may be answered in that way. I would suggest that perhaps the request to include an item tabled as part of the proceedings would be an unusual circumstance; otherwise, we are going to clutter up our machinery with a lot of unnecessary activity.

**Senator Olson:** Honourable senators, speaking to that point of order, I think we should have the discussions already suggested. Perhaps we can come back with some agreement after that. Unless a minister comes back with a very long answer containing a great amount of technical detail, I think it should be a matter of practice that the answer to a question asked in the oral Question Period should go into *Hansard* for that day. It seems to me that the minister could inform the house where it is a very long answer and suggest that that course be followed; otherwise, I think most senators would like to have the replies printed on that day. I just want to put that suggestion forth now because we are going to have a discussion on this subject.

**Senator de Cotret:** Well I will try to exercise that kind of judgment. For example, I had no hesitation in giving Senator Perrault the list of the dates, and so on, that he asked for. As to Senator Stewart's question, I have tabled three or four pages

of tables and numbers, and I doubt very much if it would serve any great purpose to read through them. They are quite detailed.

**Senator Perrault:** Each situation should be judged on its own merits. The list of dates provided by the Honourable the Minister is part of the record of our proceedings.

#### ORDERS 1 TO 5 STAND

**Senator Roblin:** Honourable senators, as we have yet to establish our committees, I would suggest that it would be appropriate at this stage to have the first five items on the Order Paper stand until such time as the committees are ready to receive any remissions we may make to them.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

#### SPEECH FROM THE THRONE

##### MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Bielish, seconded by Senator Charbonneau, for an Address in reply thereto.

**Senator Stewart:** Honourable senators, let me first join others in congratulating our new Speaker, Senator Grosart, and wishing him well. I offer him my full co-operation. I also join with others to thank and wish well our former Speaker, Senator Lapointe, and also in welcoming new senators, especially Senator Balfour, from Regina, whom I have known for many years. He brings great experience, in the law, in business and as a former member of the other place, to this chamber, and I am sure that he will acquit himself in an outstanding manner. I also welcome Senator Donahoe, from Nova Scotia, with whom I have worked. We were both ministers of health at one time, and in fact we sat together when Medicare was first brought on the national scene. If it could be said that Judy LaMarsh, the Minister of National Health and Welfare at that time, was the earthmother of Medicare, we might have been the midwives. I am not sure. I think that sometimes Miss LaMarsh thought that Senator Donahoe might have increased the birth pangs, because they were involved in many an interesting debate. When senators get to know him a little better, they will find that he is cut from the same cloth as Ike Smith. He may be just a shade rougher—I am not sure—but I look forward to his interventions in the Senate.

● (1510)

Honourable senators, I am also pleased with the inclusion of three cabinet ministers in the Senate. As I said before, it makes this place much more interesting, much more challenging and, I am sure, much more productive.

The consideration of the Throne Speech presents an opportunity for us actually to speak about the Throne Speech, but it is also traditional to speak about anything under the sun or anything that you feel inclined to speak on. Today I intend to



speaking about some aspects of the record of the new government. I freely admit that after only five months there is not much record. One would not expect to have much record. Looking back on the record, I am not too disappointed. There is not a great deal to talk about. They are very promising. The government was very promising before the election, and it has been very promising since the election. However, there are some things about the record that are positive and some things that are negative, from my point of view, and some things that are rather surprising.

Honourable senators, for a few minutes I will deal, first, with some of the things that I find surprising.

When I think about the Conservatives, some of the members opposite and many of the members in the other place, and think back over the years—a year ago, two years ago, three, four or five years ago—one thing that stands out is that the Conservatives, almost to a man, or a woman, were against political patronage. Whenever political patronage by the former Liberal government reared its head, the Conservatives of the day, both in the other place and in this place, heaped scorn upon the government. In fact, they were almost as sanctimonious in their approach as the NDP, and that is almost impossible, because the NDP across this country have almost got a corner on being sanctimonious, especially about political patronage, except where they have been in power. The Tories promised that if they ever came to power there would be an end to political patronage. Everything would be as clean as a whistle. Everything would be on the merit system. The spoil system for the winners would be ended.

To give them credit, even after the election I recall a statement by Mr. Walter Baker, now a minister of the Crown and house leader in the other place, who actually came out and warned professionals—I recall him especially warning lawyers and other professional groups—that when the new government looked to hand out business or assignments to the legal profession, to architects, to engineers, to consultants, it would not be done on a political basis, but that it would be done strictly on merit. Well, honourable senators, I can tell you that the shock wave that went across this nation among the Conservative lawyers, engineers and architects was so great that it could have been measured on the Richter scale. They were absolutely in a state of shock, especially the lawyers. These lawyers had laboured in the vineyard for 17 long years, had attended meetings, and had even run in Quebec, which is almost the height of loyalty and honour that they can do their party. They had stood around for 17 years, drooling on the outside while they watched those Liberal confrères of theirs getting all the goodies. Then they had finally achieved success, and the door had been unceremoniously slammed in their faces. They were bitter, to say the least.

It reminded me of a story an old senator once told me when I first came into politics. He said, "Son, you want to remember something. When you get into politics, everybody in politics wants something." He said, "The lawyers want to be judges. The businessmen want to get contracts. Everybody wants a job for their son or their daughter or their uncle. Everybody wants

something." He said, "You've even got those wild-eyed radicals that want good government."

Well, this was what the poor Tories across Canada, the professionals, were reduced to: hoping against hope that the reward might be good government. But then a change came. Out in Jasper, at one of the longest continuing cabinet meetings ever held in this country, one day, while I was watching television, on came Roch La Salle, one of the new 0.5 or half ministers from Quebec. He announced with great glee and great pride that he intended to rebuild the Conservative Party in Quebec based on patronage.

**Senator Perrault:** Shame! Shame!

**Senator Steuart:** I was shocked, I have to admit it, but, shortly after, he was half carried away by a couple of young fellows who appeared out of the trees. Soon after that there appeared before the television camera the Prime Minister elect, Mr. Joe Clark, and he put a good face on it. He said, "Well, now, we are not really going to have patronage, but we are going to make changes. We are going to take some of those terrible Liberals off the payroll, but we are going to get the best people. Surely the best people must be Conservatives. So in that regard, well, there may be a little patronage."

**Senator Perrault:** Shocking!

**Senator Steuart:** Well, there was a kind of sigh of relief, like a chinook that came out of the West, from all of the professional people, especially the lawyers across Canada.

I want to tell you one thing. You have to give the Conservatives credit. When they jettison a principle, they don't fool around. They don't fool around. Because what did they do next? The next thing you know they had hired one of the party faithful, Jean Pigott, a former Conservative MP, and they had installed her in an office here to supervise the hiring. I think her official function was to do the senior job placement.

Well, I read an article by Dalton Camp, and I believe everything Dalton Camp has said about the Conservative Party for the last 20 years. I believe he is the guru of the Conservative Party. While he didn't exactly put it this way, he left the impression that what Mrs. Pigott was really doing was applying the blood test or the saliva test to all the candidates, because if you are going to hire Tories you had better make sure they are third generation, true-blue Tories. So that is her job.

**Senator Perrault:** They just get a few cookie crumbs.

**Senator Steuart:** Well, she might be called the cookie monster by those who failed the blood test.

This brought up another problem, a serious problem, because if you are going to hire Conservatives you have to fire somebody, especially if you are on the verge of getting rid of 60,000 civil servants. If you are going to fire somebody, that implies that you might have a hit list. One of the things the Conservatives promised and came out and said was that "We have no hit list."

I am sure that civil servants, like Mr. Pitfield, Mr. Hood and poor Bryce Mackasey, felt a lot better, when they were

fired, to know that they had just been hit by a stray bullet. It was not a hit list. It was not by design. It was just by chance, sort of a shotgun approach.

**Senator Perrault:** Anti-aircraft.

**Senator Steuart:** Before I continue, let me make it clear that I don't really blame the Conservatives. I remember that John Diefenbaker always claimed that one of the things that helped to put him out of office was that he didn't really clean house when he had the chance. So I don't blame them. I seriously don't blame them. I think any new government should have around them people they can trust, people who are loyal and people who have the same philosophy.

But I warn you, and I warn you very seriously, in your haste to clean out the Liberals—and I imagine they are easily identifiable and there really won't be too many of them—don't overlook the NDP.

You know, when I was a member of the Thatcher government for seven years in Saskatchewan, we took over from the CCF, the socialists who had been in for 20 years, and we may have dismissed the odd civil servant.

**Some Hon. Senators:** Oh, oh.

**Senator Steuart:** Quite a few of them were odd; I can tell you that. As a matter of fact, they used to say that the height of optimism was a civil servant in Regina who brought his lunch. I don't think that was quite true, but I tell you we did replace a few of them. They followed the same pattern: they would go home; they would pack their bags; they would phone the press; they would make a very bitter statement about what kind of a backward fascist government we were; and then they would leave for Ottawa, where they were immediately hired by the federal government. I freely admit that the Liberals hired them and you inherited them. They are still here and they hold many key positions. And I tell you this: you will ignore them at your peril.

● (1520)

Of course, if you take any action, the press will criticize you. I have always been amazed at the press in Ottawa, and almost anywhere else in this country. They have been watching the political process for over 100 years and they are still shocked by how it works. Mind you, when politicians look at the press, they are pretty shocked by how they work too. So it sort of evens things out.

The NDP will be stunned. I tell you, they will react. As a matter of fact, I watched their leader, Mr. Broadbent, shortly after Roch La Salle had gone out and told the truth, thereby breaking the eleventh commandment of the Conservative Party. I watched him, and he was outraged. In fact, I thought he was going to have a double hernia, he was so outraged, that any party would stoop to hiring their own friends when they got into power.

I found that very interesting. As I said, I fought for 20 years unsuccessfully against Tommy Douglas. We never beat him until he went federal. However, Tommy Douglas ran for 20 years successfully berating the Jimmy Gardiner machine—and

[Senator Steuart.]

Jimmy Gardiner did have a pretty good machine. I will tell you something: Tommy Douglas developed a political machine, with political patronage, that would make Jimmy Gardiner's look like comparing a Cadillac owned by Douglas to a Model T owned by Jimmy Gardiner. There was no comparison. Yet Tommy Douglas could go around saying very sanctimoniously—and he knows a lot about sanctity; he went to college to learn about it—"Let's take off the gloves and see whose hands are really dirty", and no one would really believe that in hiring his own friends and indulging in a little political patronage his hands were in fact dirty.

In 1971 Allan Blakeney became the Premier of Saskatchewan. To give honourable senators an example, within one year he had dismissed every deputy minister in the province of Saskatchewan—every one of them. In fact, he got so carried away that four of those he fired were his own supporters.

Of course, no one believes this about Allan Blakeney, because Allan Blakeney is a Rhodes Scholar, talks very slowly and is considered by the national press and almost anyone else as being much too intelligent to indulge in that kind of hanky-panky. But come out to Saskatchewan. If you want a job, if you want to get a contract, if you want to do anything, if you are not a faithful member of the NDP, you had better forget about it. So when you hear Mr. Broadbent talking, take it with, not a grain of salt but a bucketful of salt.

I said that I was going to speak about some of the surprising things, some of the positive aspects. Some of the latter, which have already been referred to, include the attitude of the new government towards the Senate. That has been encouraging. It is challenging, and I am confident that the Senate will rise to the occasion and will become a much more effective and positive force in the Parliament of Canada.

I think also that the promise of open government is good, and I hope that the government will not only talk about it but will carry it out. In my view, legislation such as a sunset law is overdue and can be very valuable. Certainly, there are other positive things on which the new government has embarked.

I want now to talk about some of the negative things. I shall not talk about PetroCan, as others, with more knowledge of the subject, will do so. I will not even talk about Israel. Earlier today a question was directed to Senator de Cotret in which he was asked whether he had conversed with Bob Stanfield. We all know and respect Mr. Stanfield, and I really wish that the Prime Minister would let him stay home. He has been traipsing around the world, and in fact, people are calling him "Stanfield of Arabia". I believe he now has to return to the Middle East. I think the real reason why the Prime Minister does not want to talk to him is that if he does so for even one second he will get the report, and I believe it will be the shortest report in history. Mr. Stanfield will walk in and say, "About moving the embassy: Don't!"—and that will be the end of it.

However, as I have said, I am not going to talk about that. I propose dealing for a few minutes with conditions concerning



the sale of grain, and transportation problems affecting farmers generally, but western farmers in particular.

Honourable senators, for over 10 years, leading up to 1979, the Conservatives in the other place—and perhaps also in this place, although I am not aware of it happening in the Senate—joined hands with the NDP and criticized, opposed and blocked almost every move that the Liberal government of the day made to sell more grain and to upgrade the transportation system, or even to help the farmers of this country in general, and particularly those in western Canada.

They were particularly critical of any study that was made, or of any task force that was set up. The only exception, I believe, was the Hall Commission. They were not critical of that. Whether it was due to the fact that Mr. Justice Hall is universally respected, I do not know. I notice that he is everybody's favourite royal commissioner. He has worked for the governments of Saskatchewan and Ontario, and is now engaged, following appointment by the federal government, on a study of medicare. He is a fine gentleman and also a fine Tory. I am not sure whether the terms are necessarily interchangeable, but he happens to be both.

Let us consider the Snively Report, the Prairie Rail Action Committee, and even the latest Booz-Allen Report, which is now in the hands of the government and which points out excellent ways in which the grain handling system can be improved and made more efficient.

For years the Tories had all the answers. They said, "We have had enough studies. We don't need any more studies. What we need is immediate action"—and they promised immediate action. One could say that five months surely is not a very long period in which to give the new government time to take action. But let us remember that these fellows have been in training for 17 years, and they had all the answers during the whole of that time. They were ready to go. I thought they would be out of the block like a shot. I thought we would see grain moving and records broken. In fact, the new minister promised that they would increase the record by 20 per cent this year. I hope they make it, but I did not think they would make it even before the First Narrows Bridge was knocked down in Vancouver.

Let us see exactly what they have done. I have with me a report that immediately after they took office in June the new government received the final Booz-Allen report which contained dozens of proposals for changes in our grain handling system to improve efficiency. Most of the equipment is now available. What was the Tory response? First, they are proceeding with the purchase of more hopper cars, which, of course, is a continuation of the policy set up by the Liberals. Secondly, they are going to repair more boxcars to save them for grain—again a continuation of Liberal policy. They are proceeding with negotiations to build a terminal at Prince Rupert. Those negotiations were opened months before the Conservative Party became the government, and indeed the sum of \$30 million was set aside, as a beginning, toward the development of this important terminal—again a continuation of the Liberal program.

They appointed Hugh Horner. For those honourable senators who do not know Hugh Horner, he is the brother of Jack Horner. Hugh Horner is the Horner who has not seen the light: he is still true-blue Tory. He is a fine man, but he is also devoutly anti-Wheat Board. I can tell honourable senators who are not aware of it that the vast majority of farmers in western Canada support the Wheat Board. They want it, and they do not want to see it destroyed.

Hugh Horner was appointed as a grain movement coordinator. The move was in the planning stage at the time of the previous government. To date, the new coordinator is largely impotent because he has no legislative authority to give orders. His only accomplishment so far has been to assume the powers previously exercised by the Wheat Board, and many believe that in this case the board has been weakened.

In addition, the new government is now proceeding with more studies which they previously condemned. For example, they appointed a task force of Tory MPs chaired by Jack Murta, who is the Conservative member of Parliament for Lisgar in southern Manitoba. The assignment of this committee is to study all those studies which have been done up to date, including the Booz-Allen report, and to file a report this fall with the new minister, Mr. Don Mazankowski. Such a report has been filed, but it has also promptly been buried. According to the best information we can find, from people who were contacted, this Tory task force has proposed such things as massive farm trucking programs, heavy use of inland terminals and special selective delivery quotas to favour large delivery points on heavy rail lines. If this is true, no wonder it was buried. Parliament and the public have a right to this report. I would point out that the task force was funded not by the Conservative Party but by the Government of Canada, and if it has recommended measures which detract from the Wheat Board operation, and discriminate against small farmers and small towns, that bias should be known to the public. Furthermore, this task force has now been rolled over into an advisory body under the new grain coordinator, Mr. Horner. Again, many serious and responsible farm leaders are worried about what this particular group may have in mind with regard to the Wheat Board.

● (1530)

They have, of course, gone further than that. They have set up a second task force, or study group, that is also at work at the present time, headed up by Doug Neil, the Conservative member for Moose Jaw. His assignment was to look at the very few rail lines in the prairies left in an uncertain condition after the work done by the Hall Commission and the Prairie Rail Action Committee. The efforts of the previous government removed most of the doubt about the status of most prairie branch lines. It is a fact that when the Liberals left office they had already extended permanent protection against abandonment to a full 80 per cent of the rail lines in the prairies, and these lines would serve better than 90 per cent of the farmers in western Canada. These lines were guaranteed for the future, and work had begun on upgrading them to modern hopper car standards. There was an \$800 million

commitment undertaken and launched by the Liberals, and over \$100 million was spent. For the still doubtful lines we had created a western arm of the Canadian Transport Commission based in the prairies to examine their case again, and to ensure that no line was abandoned improperly or prematurely. The western CTC had already begun to hold hearings and to review the cases of those few lines left in question.

The Neil study interrupted this project, and I think it has added a decidedly political element to the decision-making process which was not there before. In addition, the Neil study was instructed to take the advice of grain companies about what lines they wanted to keep, and which ones, in their opinion, could go; but no provision was made for hearings from farm groups and from local communities. Recently, a report of this study was delayed another 30 days. Again, I think farmers are anxious to hear this report, and they have every right to hear it as quickly as possible.

Again, we see the continuation of the actions of the former government—no new actions, just studies and more studies, carrying on with the programs already in place.

Honourable senators, to shed further light on the government's plans, I went to the statements of Don Mazankowski, the new Minister of Transport and the minister in charge of the Wheat Board. I have here such a statement that I saw in a little magazine called "Transpo", put out by the Department of Transport. It says:

"Don Mazankowski discusses his priorities in Canadian transportation."

Then, in an insert, it says:

"Here are some of Transport Minister Don Mazankowski's transportation goals and objectives:"

The first one is very interesting, and very laudable. He says:

—Move swiftly to re-establish Canada's reputation as a reliable grain exporting nation by getting grain on the move.

If we are going to re-establish a reputation, this must mean that we already had an excellent reputation at one time for moving grain to market and fulfilling our commitments. When was that reputation established, and when was it lost? It surely could not have been established during the last years of the Liberals, especially under Otto Lang, the target of so much abuse and criticism by the members opposite, and by the members opposite in the other place when they were in opposition, so perhaps it was the last time the Conservatives were in power.

Again I went to the records, which proved most interesting. I have here figures in millions of bushels for actual export and sale of all grains from the crop year 1955-56 to the crop year showing the latest figures we have, 1978-1979. For the information of those senators who may not be aware of it, the crop year runs from the end of July to August 1 of the following year.

When I go back to the 1957-1958 crop year, I find that that was the year the Conservatives sold and moved to market a

record amount of wheat up to that time. That was the time Alvin Hamilton dashed over to China about a week after the agreement was signed by the Wheat Board and got his picture taken shovelling grain. There is no doubt that Alvin could shovel it, and for many years he has been able to make it stick on the prairies as well. That particular year, however, they marketed a total of all grains of 453 million bushels. That was a record. Is that what Don Mazankowski wants to take us back to, to find a move to market of 453 million bushels? Well, let us look at the figures from then on. If we do that we find that the record wasn't nearly so good: 396 million, 367 million, 428 million. They never equalled that record again, in the seven years they held office.

Now let us look at the last 10 years. The worst year of the 10 years under the Liberal administration that they ever had in moving grain to market was 485.7 million bushels, about 30 million bushels higher than the best performance that was ever accomplished by the Conservatives. The best year under the Liberals was 1977-78, when almost 1 billion bushels of grain were sold and moved to market: 845.2 million bushels of grain, almost double the best year under the Conservatives. If you are going to re-establish Canada's reputation, I guess you go back to the best year they ever had. Interestingly enough, the best year ever, 1978-1979, was under Otto Lang, the man they heaped so much scorn and abuse on. I just put that on the record so that it is on the record, and so that people will know where this new government starts out from when they boast that they will increase the sale and marketing of grain in the first year by at least 20 per cent. They have a tough target, and I hope they hit it. We all hope they hit it. We will be watching them very closely.

How does Mr. Mazankowski intend to accomplish this? What are his plans? Again, I could not find any new plans, as laid out by the new minister, but I went to a statement by Senator de Cotret that he made in this house in answer to a question I put to him on October 17. I quote him:

SENATOR DE COTRET: Certainly. I should like to underline for the senator the very urgent attention we gave this whole problem of moving grain to the market, and ensuring that we can meet our export commitments. As he knows, our rolling stock has been allowed to deteriorate to a frightening level. As he well knows, we were not able to move the same amount of grain to market as our commitments required. We were falling behind, and that is why we announced earlier the acquisition of 2,000 hopper cars and why we also announced, on the part of the federal government, the renovation of 2,000 boxcars to help move grain to market. That is also why we announced the Prince Rupert terminal.

Senator de Cotret made this sound as though it was something new. He made it sound as though this was a brand new thrust, made, as Mr. Mazankowski says, to return Canada to its former position of prominence and repair its damaged reputation. These things are commendable, but they are hardly new.



Let me go back to the record and point out that from 1970 to the election in 1979, the Liberal government invested \$870 million in the prairies for the transportation of grain. That included 8,000 hopper cars. In the case of boxcar rehabilitation, the amount involved was \$3.4 million in 1974, and in 1978, \$7.3 million. In other words, there was over \$10 million to rehabilitate boxcars; for branch line subsidies to keep these branch lines in question operating to serve the farmers, \$435.1 million; and for branch line rehabilitation \$100 million.

● (1540)

Now let us keep what the new government says is a new program, 2,000 hopper cars, in proper perspective. The Liberal government added 8,000 boxcars; the Conservative government says it will add 2,000; the little province of Saskatchewan is going to buy 1,000 hopper cars; and Alberta is going to buy 1,000. The Saskatchewan government is going to turn over their hopper cars to be used by the Wheat Board for the benefit of all Canadians. Alberta has said that their hopper cars will be used only to move Alberta grain to market—this is scarcely becoming from what is now, or will soon be, the richest province in Canada. Premier Lougheed may be acting in the way he has for years accused Ontario of acting. I hope the members in Alberta will say that they do not think this is good enough and encourage him to change his mind.

What I want to point out, honourable senators, is that this so-called new thrust is neither much of a thrust nor is it new. There is no question that our rolling stock and our transportation system have been allowed to run down. There is no question that what the Liberal government did from 1970 to 1979 was late. It was not too little; it was a huge sum of money, but it should have been done earlier. As a matter of fact, if you study the record, you will find that little or nothing was done to improve our transportation system in western Canada, our port facilities and our rolling stock from the end of the Second World War until 1970. The Liberal government must take some of the blame for this. Certainly a Conservative government, with a predominance of Conservative members and a Conservative Prime Minister from western Canada, must also take their fair share of the blame. They did absolutely nothing.

Honourable senators know that our rolling stock and our rail system do not go to pot overnight. Whether they did enough is arguable, but let us give the former government credit. The Liberal government made a very good start, and all the people of Canada, particularly of western Canada, hope that this new government is serious, and that it will do even more. I urge the new government, as they have promised to take action, to stop living in the past. They are the government now. What has been done has been done. They have done their job on Otto Lang, an excellent job politically, and a hatchet job in western Canada. Now the ball is in their court. The farmers are not going to listen to any more excuses from the Tory benches. The Tories made election promises of action. The farmers gave them their votes. Now give them that action.

Just before I close I should like to say that we are threatened—and I use the word “threatened”—that the new Con-

servative government may raise the surcharge on gasoline by 23 cents. They are talking about increasing the price of a barrel of oil in Canada by \$4, and doing that every year over the next three or four years until we hit world market prices. I want honourable senators to consider what effect this will have in Ontario, the heartland of our industry. I should also like you to think about what it will do to the farmers of this nation.

If this move is intended to encourage people to conserve, we had better think about the farmers. They cannot conserve if they are to produce. It is going to cost them in two ways: the fuel they use for their equipment, and the fertilizer they use. I have been told by farmers that the jump contemplated for this year will add two, three or five thousand dollars a year to farmers' costs. Farmers have very little or no control over the price of the goods they sell. If they have no control over the costs of producing these goods, and if they are hit with a blow like this, with no recognition of their problem by the new government, and no softening of the blow, I warn the government that they will put most small- and medium-sized farmers out of business.

I urge the government to think seriously about what this move, this sudden fantastic jump in the price of fuel and fertilizer, will do to the farmers of this nation. Certainly, I and other senators on this side welcome the promises and the commitment by the new government to take more action on the sale and movement of grain. We welcome and applaud the commitment to continue to step up help to the farmers of this nation. If they do, we will support them. If they do not, we will oppose them.

**Senator Murray:** Honourable senators, having heard Senator Steuart's advice on the question of patronage, I am convinced that the Prime Minister appointed me to this place to further my education. I realize that the honourable senator has a lot of expertise in the field of patronage, but I did not dream, even in my wildest dreams, that he would share it so generously with us this afternoon.

About fifteen years ago I began work in this side of the Parliament Buildings on an assignment as assistant to the late Senator Wallace McCutcheon, an assignment that was to last two or three years. My association with Senator McCutcheon was an opportunity for me to learn from an extraordinarily gifted and dynamic Canadian. My association with this place gave me some insight into what the Senate can contribute to our country, and a considerable respect for the eminent people who were here, many of whom, happily, are still here today.

I wish to thank two of them—the Minister of Justice, who is also the Leader of the Government in the Senate, and Senator Walker—for having introduced me in this house as a new senator on the opening day of the session.

At its best, the Senate has always addressed itself to the longer term interests of the country, and senators have spoken from some philosophical and historical context or perspective of public policy. I believe that tradition was exemplified in the speeches we heard from Senator Bielish and Senator Charbonneau on opening day, and in the speeches of our respected

Leader and Minister of Justice and the Leader of the Opposition, who set a positive tone for this debate and for this session, which I hope I can emulate.

On opening day, when the Right Honourable the Prime Minister entered this chamber and bowed to His Honour the Speaker, whose appointment he had announced earlier, I could not help but recall that the first time I met Mr. Clark was some seventeen years ago, when he took up his first job in this city, for which he was hired by Allister Grosart. That is not the least of Senator Grosart's contributions to this country. He has made many others, not only in terms of the several electoral successes, for which he is perhaps best known—at least in the circles that I travel in—but when he was the National Director he gave the Conservative Party a new and more democratic constitution and laid down rules to ensure that the formation of constituency associations and the nomination of candidates would be done in a more open and democratic manner than theretofore. That was a very important contribution to the political process of this country, and one which I want to acknowledge, as one of his successors and legatees in party affairs, now that he has moved on to higher duties as the presiding officer of this chamber.

**Hon. Senators:** Hear, hear.

● (1550)

**Senator Murray:** There were not many surprises in the Speech from the Throne, because honourable senators, along with other Canadians, were aware of the analysis and diagnosis that the Conservative Party had been making of the problems of this country for the past several years. There were no surprises because the Speech reflects the prescription, the program, that the Conservative Party offered during the election campaign, and for several years previous to it.

[*Translation*]

The Leader of the Opposition rightly said the other day that the content of a Throne Speech was not in itself a valid criterion on which to judge a government.

I would add that, in the final analysis the voters' verdict will depend on the respect this government will have for the mandate we were given last May. In due time we will want to have such a judgment made. That is why I would like to indicate briefly how we, of the Conservative Party, interpret that mandate.

We, of the Conservative Party, believe the government has the mandate to change course. The people of Canada do not want to hear from their new government what they heard from the former one, namely that the sources of our problems originate from abroad and the solutions lie outside this country.

Canadians are convinced that we have in this country the necessary natural and human resources to solve our major problems and that we can do it ourselves. Indeed, that was the main theme of our electoral campaign. Following that campaign, the voters, even if they do not expect immediate results, are entitled to expect immediate action.

[Senator Murray.]

There is another equally important aspect: Canadians expect a change in the quality of government. That is not only a matter of style, but of substance. This has to do with the relationships that exist between the people and their government. Canadians expect their new government to pay more attention to them, to listen to them more often and to be more sensitive to their representations.

The mandate that the Conservative Party was seeking last May can be summed up in five major themes. First, to realize Canada's potential; second, to cut government spending and increase its effectiveness; third, to provide a better rate of economic growth by relying more on the private sector; fourth, to increase the rights and liberties of the ordinary citizen vis-à-vis the state and also increase his sense of belonging to this country; fifth, to bring in a new era of cooperation between Ottawa and the provinces.

Those themes, our major commitments in our election campaign, appear in the Speech from the Throne. The speech indicates generally that the government intends to carry out its mandate by realizing Canada's potential. For example, the most ambitious and most important program will be to reach energy self-sufficiency by 1990. Canadians are prepared to make the necessary efforts and sacrifices to reach that vital objective for our economic security as a country.

The second and third themes are almost inseparable. It is not because we feel that a balanced budget is in itself a panacea that we are committed to compressing government expenditures. Moreover, we are not naive enough to believe that compressing expenditures and reducing deficits can be done overnight. On the contrary, we want to reduce government expenditures to free resources for the private sector, to stimulate economic growth and produce income that will enable us gradually to achieve a balanced budget. In part, therefore, it is a matter of confidence. A government which sets the example by limiting expenditures and taxes, a government whose economic policies and objectives are sound, and not exposed to sudden turn-about, and which is determined to encourage growth in the private sector, is in itself a positive factor which inspires confidence.

Bills such as the one on freedom of information well illustrate the fourth theme I have mentioned, which is to increase the rights and freedoms of the ordinary citizen with regard to the state. Helping Canadians own a larger share of our country is also one of the aims of our economic and social policies. Our program for encouraging home ownership, and the tax measures promised to stimulate investment in Canadian businesses listed on the stock exchange are other proofs of our commitment to that goal.

● (1600)

[*English*]

Honourable senators, the fifth major theme of the mandate that I have described was to bring in a new period of co-operation between Ottawa and the provinces. Nowhere is there a greater difference between the new government and the old than in our attitude and approach to federal-provincial rela-



tions. Senator Frith made the point last night, but unfortunately made it, I think, in drawing a caricature rather than an apt description of the policy of the government. Be that as it may, for proof of the difference between us I think we need not describe the record of eleven years of turmoil in federal-provincial relations that have past, but just look at the last few months.

The fact of the matter is that the loyal opposition reacted with cries of outrage when the new government carried out its undertaking to transfer control of the lottery to the provinces. The Liberal Party leadership sincerely believes that only Ottawa is capable of running a lottery. They appear to believe, further, that to give the provinces control of the lottery somehow undermines the future of Confederation.

We have more confidence in Confederation.

**Some Hon. Senators:** Hear, hear.

**Senator Murray:** A more substantive difference concerns the government's decision to transfer full control over offshore resources to the coastal provinces. We believe that this decision—which the Conservative Party advocated for some years under both our previous leader, Robert Stanfield, and Mr. Clark—is logical and right in that it gives those provinces the same control over offshore resources that provinces enjoy over resources underground.

We believe that this decision will strengthen Confederation because it demonstrates our desire to have strong provinces, capable of standing on their own feet and with access to the sources of revenue that will let them carry out the responsibilities—in some cases the exclusive responsibilities—that the Constitution imposes on them. As somebody has said, we want the provinces to be partners, not clients.

This Parliament can impose its will on the provinces. The Government of Canada can act unilaterally and have its own way in various matters. But as the Prime Minister has pointed out, national unity, the future of our Confederation and its strength, is not going to depend on the undoubted ability of Ottawa to have its way, but on the willingness of all the partners to work together.

That is the kind of leadership that we want to bring—in our party and in the new government—to federal-provincial relations, always realizing it is the national interest that is paramount; that Ottawa has the power to act when it is necessary, but we do not begin every negotiation by brandishing our authority and waving a big stick.

These themes that I have touched on recur in the policy positions the Conservative Party have taken in Parliament and outside Parliament—at our policy conferences, for example, in speeches by our leader and other spokesmen over the past four or five years and, again, in the party's electoral program last May. It is to be expected that, once in office, a political party will reiterate those themes as government policy, conduct itself according to that policy, and translate it into action.

Senator Lamontagne, when he was here the other night, spoke about the credibility of this party, this government. What is at stake is the credibility of the system. It is the

credibility of the system, I regret to say, that has been somewhat damaged by the cynicism and the spectacular reversals of recent years.

When a political party makes its transition from its partisan and electoral role to government, it assumes responsibility for the administrative apparatus of government. Honourable senators who have had more experience in these matters than I will know that the administrative side has a life and a momentum all its own—it has its own means and its own ends.

I have never believed that, in general, the way for a new government to make sure its mandate is implemented is to throw the administrative side, the civil service, into a turmoil. The answer is not to change the civil service, but to strengthen the political parties so that the civil service can be given political direction it can understand and follow.

Reference has been made by the Leader of the Opposition in the Senate and others to my role in the Conservative Party. And it is true that I am partisan. I respect the fact that not everybody here is, but I think I recognize enough of them around me to think that I will not be lonesome.

But the political direction that is given by a cabinet to the public service has to be informed by some cohesive sense of purpose that animates the ministers as a group. One of the roles and the prerogatives of the party is to keep that sense of purpose before the government—to keep the ministers' feet to the fire, to make sure that the leadership remains faithful to the mandate it sought from the Canadian people.

Governments have gone wrong in the past because politicians did not have the courage of their convictions; because politicians were somehow embarrassed, once they attained high office, by their political origins, their partisan origins because politicians thought they had to become better technocrats than administrators, when they should have been consulting their own best instincts, the motives that brought them into political life in the first place, and when they should have been consulting the traditions of their parties and the philosophical and historical context of their actions.

Political partisanship is the foundation not just of our electoral system but of our parliamentary process and of our democratic system. Much is made, and properly so, of the need to strengthen the authority of Parliament vis-à-vis the government. But, having a Parliament capable of bringing the Crown or the executive to account was only one step in the evolution of our system. Parliament at that point was a system in which individuals combined from time to time, according to their vested interests, to confront the government—the case of the perpetual outs confronting the perpetual ins. It was the development of political parties that were broadly based and representative of the people and of the nation, rather than of vested interests, that made it possible for what was a parliamentary system only to evolve into a democratic system. Partisan involvement is not universal. There is a tendency in some quarters to look with disdain or with suspicion on partisans. Yet, those who do participate are the mainstay not

only of the electoral system but of the parliamentary system and the democratic system.

I think there were about 250,000 Canadians who took part as volunteer workers for the Conservative Party in the last election campaign. I do not know the number, but perhaps a somewhat smaller, but still significant, number worked for the other parties. They deserve to be heard in this place and in this Parliament. Political participation is open to everybody, and yet the political parties are not now regarded as effective instruments of public opinion or public service. Robert Stanfield noted elsewhere that special interest groups are in the ascendancy, trying to bring pressure to bear on the political institutions from the outside rather than from the inside, where they would be subject to the mediating influences, the need to compromise and to take account of other and sometimes conflicting interests that are characteristic of healthy political parties.

Political parties are not now well or widely regarded as vehicles of communication for the people and their government, or for the redress of individual grievances, or to bring local opinion to bear on government decisions that affect the local community.

How often have we heard it said, or perhaps said it ourselves, that we hesitate to intervene in a matter because it might only damage the cause by appearing to politicize it, or to upset the bureaucrats who are making the decisions.

• (1610)

Our system cannot operate without strong political parties, and it cannot operate properly if those parties are treated by the leadership of the parties as being merely electoral machines. Parties themselves, I know, have a great deal to do to make sure that they are responsive to the needs of the people, and they certainly have to become more representative of the whole country.

A decision was announced today—I do not have the text before me—by the Leader of the Union Nationale Party of the Province of Quebec that his party would desist from further activity until after the referendum so that they might regroup the forces of the centre and of the right in Quebec. This would offer an opportunity for my party to do something that some of us have long advocated in Quebec—that is, become installed as a provincial party in that province. That is not only the long-term solution for the Conservative Party, but it will make an essential contribution to national unity and to Confederation.

Political parties have a lot of work to do to become more representative of the entire country. The work that I and some others on this side and on the other side are engaged in outside of the chamber is dedicated to that end. I believe, and we believe, that, far from being inconsistent with our legislative role in this chamber, that work enhances it.

It now only remains for me to thank honourable senators for the kindness and welcome they have shown me, and to say how much I look forward to working in this chamber and in its committees. I shall try to be worthy of its best traditions.

[Senator Murray.]

**Senator Rowe:** Honourable senators, first of all I wish to extend my congratulations and good wishes to His Honour the Speaker. While I think we all recognize that there were times when he and I did not agree on certain issues when he was sitting opposite rather than in the Chair, I think I can say without any reservation that every member of the Senate respects the tremendous contribution he has made over the years. I do not think there is another member of the Senate who has had such a varied experience in Senate work, and who is so dedicated to the work of the Senate.

I say to you, sir, that I hope you have a happy and gratifying tenure of office.

I should like also to extend my congratulations to the new officers of the Senate, although I know it has been done by others who have spoken before me. What we have seen in the past two weeks augurs well for the future.

While I welcome all the new members who have been summoned here in recent days, I should like to extend a special welcome to the new senator from Newfoundland, Senator Doody. He and I have always, or at least for a good many years, been on opposite sides of the political fence. I think I can say without reservation that no one in public life in Newfoundland is more respected than Senator Doody. I am sure that he will, in time, make a significant contribution to the work of this body.

I was impressed this afternoon, as I am sure all senators were, by the quality of the two speeches we heard. The speeches were totally different in a variety of ways, but they were, nonetheless, first-class speeches. I congratulate both my colleague from Saskatchewan and my new colleague from, I guess, Ontario. It is not the first time that a senator from outside Ontario has had to represent a constituency in Ontario. Senator Forsey was from Newfoundland but represented Nepean. I congratulate both of them on their speeches today. At the same time, I should congratulate all previous participants in this debate.

I do say that it is a pity—and I have said this before—that for some mysterious reason once a man in public life enters the Senate, the news media, apparently at that point, decide that he can no longer make any significant contribution to the political life of Canada. For example, we have in the Senate six former provincial premiers. I think the number is now six.

Senator Manning was premier of one of Canada's provinces for, I believe, 26 years. He is and was a respected man who made a tremendous contribution to the political life of Canada. When he was premier, whether at home or at some federal-provincial conference, the news media considered every speech he made important enough and significant enough to report. I have heard him make first class speeches in the Senate, speeches which were of great import to Canada, but I have not seen or heard one single reference to them. Why is that? I should like someone to explain it to me. There must be some explanation for that.

Why is a man of the calibre of Senator Manning—and I could mention others—not considered to be significant enough



to be reported on? We take the time and trouble to prepare speeches devoted to Canada's problems, devoted to the good of Canada, yet the people of Canada do not see one iota of reference to them. I suggest that some body or some bodies are falling down on the job in this matter.

I was hoping that this year, with a sort of revived Senate, there would be some change. There has been change insofar as Question Period is concerned, but what about the speech Senator Murray just made? He went into the philosophy of politics. Will the people of Canada hear anything about that tonight, or will they read about it? Unless he gets preferential treatment, there will not be one single reference to it anywhere by anyone. The same applies to the speech of Senator Steuart.

I was interested to read somewhere that the Leader of the Government, Senator Flynn, said that there was a great deal of unfinished business he hoped the Parliament of Canada would be able to deal with during the present session and in subsequent sessions. He singled out a revision of the Criminal Code. I was interested to hear him say that. It happens to be something about which I feel strongly. There are certain matters in the Criminal Code about which the vast majority of us are concerned.

For example, there are those sections of the Criminal Code that refer to certain drugs, and about which all three leaders of the national political parties are in agreement; about which the Canadian Medical Association and, for that matter, the American Medical Association and the Canadian Law Association are in agreement. The Senate Committee on Legal and Constitutional Affairs brought in a report on that matter recommending certain changes. That report was adopted by the Senate nearly two years ago, but nothing has been done about it since.

• (1620)

I want to add my voice to that of Senator Flynn in urging that these matters be dealt with expeditiously. How can we sit back when we recognize that there are anomalies, discrepancies, injustices and irrationalities in the Criminal Code? We recognize that they are there and agree that they should be dealt with. Yet, nothing has been done. Month after month goes by, year after year goes by, and nothing at all is done about them.

Speaking of unfinished business, we are all glad to see that some of the recently appointed senators are women. We are all pleased to see more and more women entering public life, but it is still an uphill battle for them. There is still a great deal of discrimination against women in Canada. Some of it is unintentional; some of it is covert, hidden; some is as a result of brainwashing that we and our forefathers have undergone through the years, and through the centuries. Some of that discrimination against women is a hangover from medieval times.

I would hope that this Parliament, if not this year then certainly in the near future, can do something more than has been done. We may have to take legal action to force bodies and corporations to recognize the legitimate rights of women

just as the governmental authorities in the United States, especially at the federal level, had to spell out in legislation what had to be done in respect of certain minority groups. Everyone paid lip service to what had to be done, but year after year went by and the discrimination against certain groups in the United States continued.

I do not pretend for one moment that all of the injustices have been remedied, but certainly everyone would agree that there is a vast difference in the conditions among minorities in the United States, in particular the black minority, as compared to that which existed prior to the Warren decision—the decision of the Supreme Court of the United States in relation to black minority rights.

We need to make specific action—more than we have done—with regard to discrimination against women and women's rights generally, and also with regard to the abuse of women and the abuse of children. I have wearied this body on previous occasions in trying to spell out my sense of indignation over the dissipation of our resources in inconsequential ways when some of the great issues, such as the protection of children, are virtually ignored.

Having spent years in the field of public welfare, I am fully aware of what has been done, and I appreciate what has been done, but what has been done is insignificant when compared to what has to be done.

While I am on the subject of discrimination, there is one thing that has been rankling in me as a Newfoundlander for two or three years now, and perhaps now is a good time to get it off my chest. Some time back the then Chairman of the Board of the Royal Bank of Canada, Mr. Earle McLaughlin, was put on the carpet by some women's group with regard to the failure of that bank—and, I suppose, by extrapolation, the failure of other banks at that time—to have women as members of its board of directors. I am not very cognizant of banking practices. I do not know how large the board of directors of a given bank might be, but I would think there would be 20 or 25 members on any given board. At that particular time, I do not believe—and I am subject to correction—that there was a woman on the board of directors of any bank in Canada. Mr. McLaughlin was put on the carpet about it, and he offered what I thought was a very flimsy and, indeed, a totally unacceptable excuse or alibi, if you wish, namely, the difficulty in finding women capable of serving on these boards. The interview in question—and, again, I am subject to correction on this—appeared in *Weekend* magazine, and in that interview he offered a gratuitous insult to one of the provinces of Canada. He said, "Where, for example, would you find a woman in Newfoundland to serve on the Board of Directors of the Royal Bank of Canada?"—or words to that effect.

I was surprised at his ignorance. As the head of a bank, I expected him to know a little more than that. I might say that I have every respect for the Royal Bank of Canada. It is, I believe, the largest bank in Canada. I do not, however, have any respect for the opinions of Mr. McLaughlin, who was at

that time chairman of the board. Imagine anyone making such a remark at that time!

Anyone who knew the situation could have pointed out to him that the firm of John Penney & Son Limited, of Ramea, Newfoundland, one of the great fish processing and fish exporting organizations in all of Canada, had been run for years and years by the widow of a man who sat right here in this chamber—in fact, almost where I am sitting—Senator George Joseph Penney. Senator Penney, I believe, was the senior senator representing Newfoundland following its union with Canada. To everyone's regret, he died shortly after his appointment, but his widow carried on the business he founded, and not only carried it on, but expanded it to a great degree. She was a recognized authority on fisheries and, incidentally, was elected President of the Fisheries Council of Canada. Yet she was not competent, apparently, to serve on the Board of Directors of the Royal Bank of Canada.

I can name others. It seems that Mr. McLaughlin had not heard of a firm that was established in 1807, a firm with worldwide connections and branches right across Canada, the firm of Bowrings Limited. For years the chief administrative officer of that firm has been a woman, and not a very old woman at that, Mrs. Angela Cantwell. Bowrings, one of the great multi-million dollar enterprises in this country, with operations almost all over the world, is run by a woman, but she is not competent to sit on the board of the Royal Bank of Canada. I could also cite the example of Chester Dawe Limited, one of the great wood processing and building supplies organizations in eastern Canada, which again is run by a woman, Janet Gardiner, a daughter of the founder of the firm.

I cite those examples, perhaps at too tedious a length, as examples of the type of discrimination that women have to face in the province of Newfoundland. Does Mr. McLaughlin not know that in Newfoundland there are scores, indeed hundreds, of professional women—professors at universities, chartered accountants, lawyers, eminent medical practitioners, administrators, and so forth. And out of all those women not one was competent to sit on the board of directors of a bank? That is the sort of thing that the women of Canada have to put up with. Of course, we in Newfoundland get a double dose of it there.

● (1630)

Now, honourable senators, I do not want to unduly delay the Senate on this next point, but I want to refer briefly to Petro-Canada. Let me here qualify what I have to say by saying that I have never been a baiter of big business. I am not a socialist as such, and I appreciate that if we are going to have a capitalistic system, then it is inevitable that we have big business, that it has a role to play, and, by and large, it has played a very significant role. But, at a time when the great oil interests possess so much power, when they can exert so much control in Canadian affairs, the last thing in the world we should be doing in my view is abolishing Petro-Canada. I am not sure whether it was Voltaire or Napoleon—I have seen it attributed to both, and I daresay it has been attributed to others—who, in a discussion on religion and atheism, said, "If

God did not exist, it would be necessary to invent him." I say that if Petro-Canada did not exist today, it would be necessary to invent it. I regret that the government apparently has decided to take certain steps which can at best emasculate that company, and eventually lead to its abolition.

I want now to say a few words about the offshore mineral resources, and at the outset I congratulate Senator Frith on the excellent speech he gave yesterday. Obviously, he had given some thought to the matter and had done considerable research, and I enjoyed the concise and incisive way in which he summarized the situation. Senator Frith, as we all know, is one of the distinguished lawyers of Canada, and I was very pleased that he, as have a number of other eminent jurists and legal minds, recognized that Newfoundland is a special case in this matter.

I am going now to reveal—I suppose that is the word I should use—some discussions which so far as I know have never been revealed or made public before. Two of the parties to these discussions are dead, so I cannot have their approval for my bringing of these matters to public attention. I was myself a party to them in a humble way, in the background. The other party was the then Premier of Newfoundland, the Honourable J. R. Smallwood, and only this morning I talked by telephone with him and discussed what I am about to say now, and received his permission to do so. He thinks I would be doing right to reveal these discussions.

Back in the 1960s at a meeting of the Atlantic premiers—it could have been part of a full federal-provincial meeting, and if so it was a subcommittee of the Atlantic premiers—the matter of the offshore mineral resources came up. At the time the great corporations were making applications to Newfoundland and, I presume, to other provinces as well, for rights to make explorations off the coast of Newfoundland and Labrador. There was some doubt as to who owned those rights, and they were in the situation where they had to get permission from the Government of Canada as well as from the province, in this case Newfoundland, to engage in such exploration. They got permission from both parties.

At the time that the four Atlantic premiers were talking it over informally, it was agreed that one of them, namely, Mr. Smallwood, should approach the then Prime Minister, Mr. Pearson, on the matter. I accompanied Mr. Smallwood up here to Ottawa. We met Mr. Pearson—my recollection is that at that time his office was in the East Block. At any rate we met him and spent the best part of a morning discussing this matter with him.

Mr. Smallwood argued that Newfoundland presented a special case and he cited, as I remember, among other things, the Terms of Union, clause 7 of which recognizes the Constitution of Newfoundland as it existed immediately prior to the 16th day of February, 1934—and I would ask you to note the year is 1934, not 1949. The Constitution as it existed at that date was revived at the date of union. This is very significant, and Senator Frith alluded to it yesterday. I don't know if he is aware of the clause, but he is cognizant of the fact that



Newfoundland entered Confederation with certain constitutional rights already present.

Premier Smallwood, as I said, expressed his confidence to Prime Minister Pearson that Newfoundland did have sole rights to the resources in the offshore areas. Mr. Pearson did not accept that *holus bolus*. He said—and here I am obviously paraphrasing—“You may be right, but I am not sure.” Mr. Smallwood then said to him, “Well, look, we have two options open to us and to you as Prime Minister of Canada representing the federal government; one is to go to the courts—and we are prepared to go to the Supreme Court—and the other is for Canada to cede the offshore rights to Newfoundland.” So he said we could go to the Supreme Court.

There was previous experience in that line, if you remember, honourable senators, because for over 20 years there had been a disagreement between Canada and Newfoundland, two self-governing Dominions of the British Commonwealth equal in constitutional rights, over the boundary of Labrador. The dispute was not between Quebec and Newfoundland, but between Canada and Newfoundland. Eventually the Government of Quebec, something not always recognized, passed a resolution which it sent to the Government of Canada asking that the matter be referred to the Judicial Committee of the Imperial Privy Council. Canada concurred in that recommendation from Quebec, and then submitted it to Newfoundland. Newfoundland also concurred in the arrangement and the matter was referred to the Judicial Committee of the Imperial Privy Council.

Newfoundland's advocate at the time was the eminent British lawyer, Sir John Simon. The result of that reference was that in 1927 the Privy Council handed down a decision in favour of Newfoundland, delineating the specific boundary.

So Premier Smallwood said to Prime Minister Pearson that Newfoundland was prepared to go to the Supreme Court of Canada on the matter, but then he pointed out that there was the other route to take. Without conceding the matter, he suggested that assuming Canada owned the offshore mineral rights that Newfoundland was claiming, why could Canada not repeat what it did in the year 1912 in respect of territories which it gave to the provinces of Manitoba, Ontario and Quebec—territories which had been part of the Northwest Territories?

The areas which were ceded to the three provinces were, first, to Manitoba 178,000 square miles, to Ontario 146,000 square miles and to Quebec 354,000 square miles. I might point out that Quebec did not have the benefit entirely of 354,000 square miles because Canada was asserting a claim to a part of Labrador, but, subsequently, Canada was denied that by the Privy Council decision. So a total of 679,000 square miles was involved, and Canada gave them to three provinces.

What did it give? It gave land. Premier Smallwood said to Mr. Pearson, “What is the difference between dry land and (to use his term which I remember quite well) wet land? What is the difference? I see none.” Assuming that Canada did own those offshore mineral rights, then with respect to the land

under the water off Newfoundland and Labrador, Nova Scotia, New Brunswick, Prince Edward Island and British Columbia, Mr. Smallwood urged Prime Minister Pearson to repeat what had been done in 1912 and give it, or cede it, to those provinces which, with the exception of British Columbia, happened to be the have-not provinces of Canada. They happened to be the ones that needed it.

At that time there was a good deal of talk about regional disparities and Mr. Smallwood suggested to Prime Minister Pearson that if he, the Prime Minister, was anxious to relieve those regional disparities in Canada, here was one way he could do so. Premier Smallwood said, “Undoubtedly there is oil and gas off the coasts of Labrador, Newfoundland, Nova Scotia and New Brunswick, and once it is developed it could do a great deal towards eliminating the regional disparities that exist there. I urge you to do that rather than go to court.”

Prime Minister Pearson said, “It is an excellent idea, but I am afraid”—and again I am paraphrasing—“that inasmuch as this is a serious constitutional matter we should go first to the Supreme Court. And,” he said, “I as Prime Minister would have no choice but to have it first go to the Supreme Court of Canada. But this I can assure you . . .” There is no doubt about my recollection of what Prime Minister Pearson said: He said, “This I can assure you: if we should win the case, if the Supreme Court decides that Ottawa, the federal government, owns the resources then we will be more than generous to Newfoundland and to the other provinces concerned.” He did mention a ratio at the time, but there is no need to go into that much detail. It was only a ratio suggested as a matter of discussion anyway.

Our next step was in anticipation of going to the Supreme Court of Canada. Premier Smallwood contacted the man who, by all odds, was at the time the most respected Canadian alive, Mr. Louis St. Laurent, and told him what it was about and asked him if he would meet with us, and he said he would.

Mr. St. Laurent was, of course, no longer Prime Minister of Canada. We met in the Chateau Laurier—Mr. Smallwood, myself and one other from Newfoundland, and Mr. St. Laurent, who was by himself. We had a breakfast meeting in Premier Smallwood's suite in the Chateau Laurier, during which we told Mr. St. Laurent what we had in mind. He was aware of the situation generally, of course, and we asked him if he would present Newfoundland's case before the Supreme Court of Canada. It is significant that Mr. St. Laurent did not say, “No, I am sorry, I cannot.” He said, “I shall have to think that over.” He did think it over and we met again, and he then said, “There are two factors here. One is my age and my state of health, which is somewhat indifferent at this time, and the other is that I am not too sure of the ethics . . .”—I am paraphrasing now, but this is essentially what he said—“ . . . of a former prime minister taking a case into the courts against the Government of Canada. For these two reasons, I am forced to decline your invitation.” We asked him what he thought of our case. I appreciate that this is hearsay, but his reply was, “I think you have an excellent case”—and anyone

who knew Mr. St. Laurent will affirm that he was not a man given to extravagant expressions.

● (1650)

Needless to say, I, Senator Marshall and every other Newfoundlander, was very pleased when Prime Minister Clark stated—I think the statement was first made by Premier Peckford—that the Government of Canada would recognize Newfoundland's claim.

I do not know how much of the background associated with this matter was known to Mr. Clark, but I imagine that the Government of Newfoundland, under both Premier Moores and Premier Peckford—who had dedicated themselves, as we ourselves had done, to preparing a case for eventual submis-

sion to the Supreme Court of Canada—would have consulted with Premier Smallwood to obtain some of the background information which I have given honourable senators today.

It may well be that Prime Minister Clark was made aware of some of that background information. I don't know, but certainly it would appear that he has recognized that Newfoundland does have a special case, and we believe that the Prime Minister has done what any Government of Canada should have done in this matter. I would not attempt to express an opinion on relations between the federal government and the other provinces in this matter.

On motion of Senator Tremblay, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.



## THE SENATE

Thursday, October 25, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### POSTAL RATES BILL

#### FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-11, respecting certain postal rates.

Bill read first time.

**Senator Roblin** moved that the bill be placed on the Orders of the Day for second reading on Wednesday next.

Motion agreed to.

### DOCUMENTS TABLED

**Senator Roblin** tabled:

Report of the Department of Employment and Immigration for the fiscal year ended March 31, 1979, pursuant to sections 6, 14(2) and 14(3) of the *Employment and Immigration Reorganization Act*, Chapter 54, Statutes of Canada, 1976-77, together with the Auditor General's report on the accounts and financial statements.

Report of the Economic Council of Canada, including its financial statement certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 21(1) of the *Economic Council of Canada Act*, Chapter E-1, R.S.C., 1970.

Report of the number and amount of Loans to Immigrants made under section 121(1) of the *Immigration Act*, 1976, for the fiscal year ended March 31, 1979, pursuant to section 121(4) of the said Act, Chapter 52, Statutes of Canada, 1976-77.

Copies of report of the Administrator under the *Anti-Inflation Act*, dated October 19, 1979, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the reference on La Coopérative Fédérée de Québec, Montreal, Quebec.

Report of Statistics Canada for the fiscal year ended March 31, 1979, pursuant to section 4(3) of the *Statistics Act*, Chapter 15, Statutes of Canada, 1970-71-72.

### BUSINESS OF THE SENATE

#### ADJOURNMENT

**Senator Roblin:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when

the Senate adjourns today it do stand adjourned until Tuesday next, October 30, 1979, at 8 o'clock in the evening.

Motion agreed to.

### COMMITTEE OF SELECTION

#### COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Roblin**, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Committee of Selection have power to sit while the Senate is sitting today and that rule 76(4) be suspended in relation thereto.

He said: Before the question is put, honourable senators, I should simply like to say that we anticipate we will be ready to proceed with this committee some time this afternoon. When that time arrives, I hope to have the opportunity to notify those concerned. I should also like to advise you that it is intended that the meeting be held in the smoking room.

Motion agreed to.

### PARLIAMENT BUILDINGS

#### FIRE PROTECTION—SAFETY OF PERSONNEL—QUESTION OF PRIVILEGE

**Senator Bird:** Honourable senators, I should like to rise on a question of privilege, please. We are all glad that the whole question of fire prevention for the buildings is being looked into. I can assure you that no one cares more about the Parliament Buildings than I do, but I also care about the people in them, the staff and members of the House of Commons and the Senate.

For myself, I have no idea what to do in case of fire. Many of us have our offices located on the sixth floor. I don't even know where the exits are, and I am not aware that we have been told what to do.

I hope Mr. Speaker will give us some information about this, and perhaps even hold a fire drill at some time.

**Hon. Senators:** Hear, hear.

**The Hon. the Speaker:** Honourable senators, I thank Senator Bird for raising this question concerning the importance of the protection of the persons as well as of the property of the Senate and of the buildings as a whole. I can assure honourable senators that the matter is under urgent consideration and that a fire drill will be held in the Senate shortly, possibly tomorrow.

## QUESTION PERIOD

[English]

### THE ECONOMY

#### INCREASE IN BANK RATE

**Senator Perrault:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce with respect to the disturbing news that once again the bank rate has spiralled up another one per cent to 14 per cent.

I think, honourable senators, I speak on behalf of millions of bewildered Canadians who recall the oratory in the last Parliament by the party now forming the Government of Canada, in which they deplored the increase in interest rates.

**Senator Walker:** Question!

**Senator Perrault:** The Conservatives stated that if they were given the power, honourable senators, they would stop this process. They said it was disastrous and they said it would lead to high unemployment and would affect housing.

**Senator Asselin:** Question!

**Senator Perrault:** Now, in some sort of conversion that is baffling, they promote an increase in bank rates as almost a therapeutic process. Indeed, high interest rates are being promoted by the new Conservative government as a method by which the health of the Canadian economy can be restored.

**Senator Asselin:** Question!

**Senator Perrault:** This is the question I wish to ask the honourable minister: Has the government truly measured the effect of this disastrous upward spiral on the housing industry, which, as the honourable senator may be aware, is one of the most important methods by which employment can be maintained?

Has it truly measured the effect on the consumers of this country? Has it truly measured the effect on the unemployment situation in this country? I suppose, more fundamentally, the question is: What agonizing reappraisal took place between the time the Conservative Party served in opposition and the time it took control of the government benches? What change in philosophy—

● (1410)

**Senator Asselin:** Honourable senators, on a point of order—

**Senator Perrault:** I know it is a sensitive matter with the honourable senator, but it is a considerably more sensitive matter with the people of this country.

**Senator Asselin:** Honourable senators, I think His Honour the Speaker has ruled before that questions should be kept short. The Leader of the Opposition should not make a speech when asking a question. Senators should try to observe the rules of this house. If the Leader of the Opposition wants to make a speech, he should ask permission and receive the consent of this house. But during the Question Period the Leader of the Opposition should be fair and confine himself to asking a question. He should not make a speech.

[The Hon. the Speaker.]

**Senator Perrault:** Honourable senators, I appeal to the fair-minded nature of all honourable senators when I say that this matter is of such critical importance that a lengthy question on this subject should be permitted. Furthermore, I suggest that during the honourable senator's entire parliamentary career he has not won a reputation for the brevity of his questions, and no member of the previous government ever attempted to muzzle him.

**Some Hon. Senators:** Hear, hear.

**Senator Perrault:** I will conclude by saying that there have been only two main economic characteristics of the time since this Conservative government assumed power, and those are spiralling multinational oil company profits and spiralling interest rates which are crushing the Canadian people.

**Senator de Cotret:** There was only one characteristic of the previous government's economic policy and that is called failure.

**Some Hon. Senators:** Shame!

**Senator de Cotret:** After taking over power on June 4 we found the state of the Canadian economy to be—well, less than what even in our worst thoughts we expected it to be.

**Senator Perrault:** You were going to stop interest rates from spiralling.

**Senator de Cotret:** I will tell you what we are stopping: we are putting all our efforts toward stopping inflation.

**Senator Perrault:** Now in double digits!

**Senator de Cotret:** That word, which was supposed to be dead, according to certain speeches that we heard time and time again during the past few years—

**Senator Steuart:** It is up again—

**Senator de Cotret:** The decision of the Governor of the Bank of Canada, which was announced yesterday, to increase the bank rate in this country by one per cent was made in recognition of the fact that the interest rate spread between Canadian and U.S. rates was now at a point where it could not be sustained for any extended period of time without exerting continued undue pressure on the Canadian dollar and thereby fuelling further inflationary pressures on the system. To quote briefly from his release—a statement in which I fully concur—the Governor of the Bank of Canada said that there was no responsible alternative to the latest increase in the bank rate.

**Senator Perrault:** That is not a satisfactory explanation. Let me suggest to the honourable the minister that one of his colleagues, the Honourable Sinclair Stevens, said on November 6, 1978, when deploring the fact that the interest rate had “soared” to 10.75 per cent:

—I am disappointed that the minister still is not able to give a definitive date.

He was referring to the budget:

In the meantime, would the minister indicate to us why he felt it was warranted to raise our bank rate to the historically high 10.75 per cent, such as was done yester-



day, bearing in mind that the only excuse is the present rate in the United States—

He continued to say that it was "not an economic program." Why the change in Conservative thinking and policy represented by Mr. Sinclair Stevens when he served in opposition and the present time when he is entrusted with ministerial responsibility?

The honourable the minister is aware of cabinet solidarity. What about the promises that were made during the election campaign, when the Canadian people voted for a Conservative Party committed to reducing or holding the line on interest rates?

**Senator de Cotret:** I should like to ask, rhetorically: What kind of government deficit were we looking at then? What kind of inflation rate? What kind of current account position? What kind of unemployment position? What kind of inflation performance? It was certainly worse on June 4 when we took office, I can assure you.

**Senator Perrault:** May I answer your question?

**Senator de Cotret:** My question?

**Senator Perrault:** You asked a question.

**Senator de Cotret:** Yes, in a rhetorical way.

As I was saying, these things have changed. This is a responsible action. To maintain a lower interest rate at the moment than the rates prevailing in the United States would plunge the Canadian dollar to significantly lower levels at a time when we would not reap any of the benefits because our export industries, as I am sure honourable senators opposite know, are operating at capacity and cannot export more. As a matter of fact, according to the investment surveys, they are actively engaged in attempting to expand their plant, but at the moment they are operating at capacity.

As I say, we would feel all the negative impact of such a devaluation, which, as you know, would lead directly to a significantly higher level of price increases in this country. I do not think I stand for inflation, either in the short term or, certainly, in the long term, and I do not think Canadians stand for inflation. If we cannot come to grips with the inflation problem now, let me suggest to honourable senators that the problems we will face down the road will be much more serious, and the medicine to solve them much more difficult to swallow, than the situation that we now have.

**Senator Perrault:** Why was this wisdom—or what is alleged to be wisdom—not apparent to the Conservative Party when it stood in opposition? Why was that wisdom not available to the Conservative Party during the course of the election campaign? Furthermore, let me suggest to the honourable minister, who says that in effect "we did not realize how bad the situation was," that during the campaign you portrayed an economic situation far darker and graver than it actually turned out to be when you assumed power. Those are the facts. But during the campaign, the economy, fiscal and monetary, portrayed to Canadians by Conservatives from coast to coast

was nothing but gloom, doom and disaster. Never have there been more Jeremiahs in this country.

Yet among the first statements Mr. Stevens and Mr. Crosbie made when they assumed their ministerial responsibilities was: "The situation wasn't nearly as bad as we thought it was." So that kind of argument does not hold water at all.

**Senator de Cotret:** I would like to correct a few misunderstandings on the part of the Honourable Leader of the Opposition in this chamber.

First of all I would like to bring to his attention the very numerous speeches that my leader, the present Prime Minister, and I myself made throughout the election campaign about the tremendous potential that faces the country—that was certainly not doom and gloom—and the great opportunities that lie before us in many fields based on human and fiscal resources that were and remain second to none in the industrialized countries of the world.

When we talked about some of the things, as an opposition, that we felt should have been done, we addressed the cause of the problems. We talked about government deficit spending and bringing it under control. We talked about the current account deficit and about the Canadian dollar. We made recommendations that were never acted on on any of these topics. What we are seeing now are the symptoms that are the inevitable result of the policies pursued by the prior administration. We never talked at that point about the superficialities of the situation; we talked about the root causes. And what was done? Nothing.

Let me dispel the last misunderstanding that the honourable senator seems to be labouring under, namely, that the situation when we took office was better than we expected. I was there. I was there when officials from Treasury Board made a rather painful presentation to the new cabinet as to exactly what kind of fiscal situation we faced, and I would like to assure honourable senators in this room that I for one—and I believe my colleagues, and of course they can speak for themselves—did not expect to be facing such a difficult situation, where spending had gotten out of hand to such a high degree.

● (1420)

**Senator Perrault:** Let me put this solidly on the record, Mr. Minister. I quote from a very important speech made in this country on March 2, 1979:

There is no better example than the government's action through the Bank of Canada in pushing interest rates in this country to an all-time high. High interest rates block growth—

This is your leader speaking, the Right Honourable Joseph Clark. He said:

High interest rates block growth and there is no proof that they stabilize the dollar. Our dollar will strengthen only when the world financial community regains a sense of confidence in Canada which historically has been among our greatest national assets.

He went on to say:

Record high interest rates work against confidence because they work against growth.

The Prime Minister of this country stated that on March 2, 1979. He further stated:

As I need hardly remind this audience, they put in question major construction projects by adding significantly to their capital costs. They hit particularly hard at small businessmen, who don't have the market power to pass along high money costs. And they virtually guarantee more inflation by bidding up the price of money itself.

To riotous applause, this is how he concluded his speech:

Interest rates must come down if we are to get the Canadian economy growing at its full potential. It would be the policy of the Progressive Conservative government to gradually bring those interest rates down.

**Senator Asselin:** What about a question?

**Senator Perrault:** I say that this government was elected under false pretences.

**Senator Asselin:** What about the promises you made during your campaign?

**Senator de Cotret:** In answer to your question: No, we were not elected under false pretences.

**Senator Asselin:** What about promises you made?

## RULES OF THE SENATE

### POINT OF ORDER

**Senator Walker:** I rise on a point of order. Rule 20(4) states:

A debate is out of order on an oral question, but brief explanatory remarks may be made by the senator who asks the question and by the senator who answers it.

Further, rule 20B states:

A preamble to a question, whether it is asked orally or in writing, is out of order.

This is just like an auction sale we are listening to.

**Senator Perrault:** The auction sale was by your party in the campaign.

**Senator Walker:** If we go on like this, we will have chaos in this house. I am surprised that the former Leader of the Government should have descended as low as he has. He is acting like a poltroon at the moment.

**The Hon. the Speaker:** Senator Walker has risen on a point of order and has asked for a ruling from the chair. I shall be happy to hear comments on the point of order.

**Senator Olson:** Honourable senators, certainly there are the words contained in rule 20, but the traditions and the practices of this house also constitute part of the rules. I think that even Senator Walker would have to agree that from this side of the house, in opposition, we have not transgressed that particular standing order nearly as badly as, traditionally, senators opposite did when they were over here.

[Senator Perrault.]

**Senator Asselin:** Never.

**Senator Olson:** We did not complain about that.

**Senator Asselin:** Bring your evidence before the house.

**Senator Olson:** Speaking to the point of order, the Leader of the Opposition has raised a question that is of urgent concern to hundreds of thousands of Canadians. He has pointed out that there has been a complete somersault in terms of what the government is doing now and what it indicated it would do. It seems to me that under those urgent circumstances there ought to be a little latitude.

**Senator Roblin:** Honourable senators, I shall try and address myself directly to the point of order and avoid any excursions as to the merits of the argument presented by the Leader of the Opposition because that would lead me too far afield. I feel that there is plenty of argument that can be made to deal with the points he has raised.

One of the things that agreeably impressed me when I entered this house not too long ago was the fact that, to all intents and purposes, we must have the most abbreviated rule book of any deliberative assembly of which I know. If you examine the rules of this house, you will find that they are famous for their omissions rather than for their contents. I wondered for a while how on earth a deliberative assembly could get along with a rule book like this, because on turning to *Beauchesne* and the rules of the other place, which are copied by most legislative assemblies in this country, we find that the situation is quite different. When dealing with the Question Period in the other place it will be found that there are at least 100 rules, perhaps more than 100 rules, that apply to the asking of questions. That has arisen because, in the highly confrontational atmosphere of that chamber, it has been found necessary, in order to produce any kind of coherent conduct of the public business, that the Question Period should not be allowed to run riot.

It is a relatively new procedure in parliamentary terms, when one considers the long history of this association, but I think it has been a very important, necessary and useful innovation in the last 100 years or so, as we have seen the Question Period develop.

In our system we do not call for written questions in the way they do in the Mother of Parliaments in Westminster, but we allow oral questions of the kind that we have had today. I think we all agree that that is a good thing, because it does permit members of the chamber to cross-examine members of the cabinet on affairs of the day, and particularly to deal with urgent matters that we have now. However, if we expect that process to be fruitful, and if we expect it to be continued within the traditions we have established here, I think we have to exercise a certain measure of self-discipline.

It seems to me that the genius of our system in the Senate, and the reason why we can proceed with a rule book of this abbreviated and quite inadequate nature, is that we rely on the self-discipline of the members of this house.

**Some Hon. Senators:** Hear, hear.



**Senator Roblin:** I think, by and large, in my experience, with rare exceptions we have seen that self-discipline is enough for the rules of this house to regulate our conduct, and that we have been able to conduct our affairs in an orderly way simply by a little restraint.

I am afraid that if we find that, due to the particular constitution of our chamber today, we are importing the methods and manners of the House of Commons into the chamber itself we will also be forced to adopt their rules, because it seems to me that unless we can adhere to the spirit of this assembly in the way in which we do bring self-discipline to bear, then the pressure will be on for the adoption of a more coherent, more restrictive and more regulated set of rules such as they have in the other place, with these 100 or more different points on which questions are based and to which questions have to relate.

We know, for example, that in the other place they are not allowed to make the kind of lengthy introductory remarks that are made in the Senate chamber. We know that in the other place they are not allowed a continual succession of repeated questions on the same point. We know that in the other place one member is not allowed to ask a member on the other side a series of questions amounting to a cross-examination, perhaps extending over five or six questions. We know that there the scope of the questions that may be posed is extremely limited.

I, personally, prefer our own system here. We operate in a more subdued atmosphere. I do not expect anyone to put his conscience in his pocket. I am not interested in cronyism in conducting our affairs in this house. I appreciate a degree of confrontational matter, because this is a political chamber and it should be here. However, I think, if we recollect our better days in the Question Period, we will see that we could get the answers and conduct our business in an orderly fashion, which will avoid the kind of disputes that we are having today.

I have to say that I do not feel comfortable in trying to lay down a lesson in self-control to the members of this legislature, because I appreciate that I am in no position to offer a lesson in that respect. There are many members here who know far more about it than I do, and I know that I have taken a considerable liberty in addressing the problem in this way. However, I do appeal to those in the house who are interested in the question of order that is under discussion to respect, not only the written rule in this book, but the tradition, the procedure, the atmosphere and the ambience in which these discussions are conducted so that we may have a Question Period that is fruitful, that allows the opposition to get the information they want, and at the same time conforms to our proceedings.

● (1430)

So, Mr. Speaker, my hope is that you will be able to counsel honourable senators not so much to look to the letter of the law in our rule book, because there is precious little of it, but to look to the tradition of the Senate and to exercise a modicum of self-discipline so that we may proceed with our business in an orderly fashion.

**Senator Olson:** Mr. Speaker, I think that we can all take some heart from the attitude of the house leader as to what our discipline ought to be in this chamber, but I would remind him that the reason we are now discussing a point of order is because of the sensitivity of the members on that side of the house. And I would also remind him—

**An Hon. Senator:** Which ones?

**Senator Olson:**—that if a little bit of latitude is not going to be given on a matter of urgent public importance, such as the spiralling interest rates, as has been demonstrated by the increase in the last 24 hours, then we reach a position in which we must resort to rule 46(g), which allows a motion to be made without notice to set aside all the business on the order paper in order to discuss a matter of urgent public importance. We did not do that today, even though we claim it is an urgent matter. We thought we could air it in the Question Period.

All I can say is that we agree with what the house leader on the opposite side has said, but when matters such as this come up, if we are not going to be given a little latitude without some of the sensitivity showing, then we will be forced to use this rule and move that all business be set aside while we discuss the matter. From the rule book and from what I know to have been the practice in this chamber since I have been here, I do not know of any way of getting that kind of debate stopped except by letting it exhaust itself, so it could take the entire day. That is the difficult choice you are giving us.

If you want to be that sensitive, fine. But then we have to use the other provisions in the *Rules of the Senate of Canada* in order to do what we think is our public duty, so we may have a discussion on this urgent public matter. The choice is up to the government.

**Senator Roblin:** I may not be entitled to speak again. If so, I would like to have the indulgence of the house to reply to the point. It might be admitted that any member of the house is entitled to raise a point of order. I really cannot ask that that right be abridged on any account, but I do think the honourable deputy leader opposite and myself are on the same ground, because we feel that we want to use the Question Period in the most constructive possible manner, and I think that if we address ourselves to the problem in that way we will not have difficulty.

**Senator Frith:** Honourable senators, on the point of order, I would just like to say that I agree substantially with everything the Deputy Leader of the Government in the Senate has said and with what the Deputy Leader of the Opposition has said. But, I hope His Honour, in making any ruling he feels called upon to make on this point of order, will remember the call which has been made to the tradition of this chamber, as compared with the traditions of the other place, and will not ignore the fact that the tradition to be looked to must be the tradition of this chamber when there were three cabinet ministers as members.

There is nothing wrong with that happening, but, with respect, it is not perfectly apt to refer to the traditions that prevailed when Senator Roblin came here and when I came

here, when the only cabinet minister in the chamber was the Leader of the Government in the Senate, who responded for all of his colleagues.

At the present time, the whole principle of ministers responsible to the people of Canada and responsible to Parliament has a dimension in this chamber also, and I hope that when referring to tradition Your Honour will take into account the fact that there has to be that element in the chemistry added to any decision you make with reference to the point of order that has been raised.

I would make one further point. Twice in his observations the Deputy Leader of the Government in the Senate referred to "cross-examination". The first time he referred to it he pointed out how necessary it was in our parliamentary system that ministers be in a house of Parliament and be subject to, to use his words, "cross-examination". I hope that there is no suggestion in what he is saying that there is something out of order in cross-examining a minister.

[Translation]

**Senator Marchand:** Honourable senators, I should like to ask the minister—about the condition which the Leader of the Opposition referred to—could the minister of the day not suggest that the Diefenbaker government was responsible for such condition in the early sixties when there was a drastic fall of the dollar? I would like to know when, according to the minister, this government will become responsible for economic and financial conditions in Canada.

**Senator de Cotret:** Honourable senators, as the honourable senator—

[English]

**The Hon. the Speaker:** I thought Senator Marchand was rising to discuss the point of order.

**Senator Marchand:** No, Your Honour.

**The Hon. the Speaker:** Before the Question Period proceeds further, I should like to deal with the point of order raised by Senator Walker.

I have said before, and perhaps I may be permitted to repeat myself, that in the Chair I feel bound by the well-established convention of this place that senators will normally decide procedural problems among themselves. This has long been the tradition here.

In reply to the comment made by Senator Frith, of course there had been ministers with departmental responsibilities in the Senate long before the present Parliament. The count I have made indicates that there have been some 50 senators sitting in the Senate with ministerial departmental responsibilities. That is part of the background of the tradition to which I have referred.

On a point of order such as this, the position I think proper for me to take is this: If a senator rises on a point of order or point of privilege, normally that will be decided by discussion among the senators themselves. However, if a senator rises on a point of order and asks me to make a ruling, then, of course, I am obliged, under the Rules of the Senate, to make a ruling.

[Senator Frith.]

I would be expected to state the rule and ask that the rule, as it stands, be concurred in by all senators. My hope is that it will not often be necessary for me to do so.

I hope all honourable senators take the good advice given by the Deputy Leader of the Government, who I thought was making an excellent Speaker's ruling in the comments he made. I find myself generally in agreement with him. I hope honourable senators will, if it is their feeling that the situation raised warrants intervention by the Chair, ask deliberately and clearly for a ruling by the Speaker, otherwise I will be happy to remain seated in the Chair.

[Translation]

**Senator Asselin:** Honourable senators, before we continue the Question Period I would like to say on behalf of my ministerial colleagues in this house that it is not at all our intention, as ministers representing the government, to restrict in any way the privileges of honourable senators to ask questions dealing with the public interest, and Canada's interest, as long as that is done reasonably.

Since the beginning of the session we have had very, very long Question Periods. I am not blaming anyone because it was the privilege of honourable senators to do so. However, how many questions could have been postponed for a day? And when the Deputy Leader of the Government says the Question Period should not be used to cross-examine ministers in attendance as if we were in a court, I believe he is quite right, and we often had in Question Periods some of our colleagues on the other side nearly making a legal examination of a minister who was supposed to answer maybe ten questions; it was nearly a legal examination. I think that was not what those who wrote the rules had in mind for the Question Period.

I repeat on behalf of the ministers sitting here that we do not want to muzzle opposition members. On the contrary, we were demanding the same privileges when we were on the other side. However, we ask that this be done within the rules, and when honourable senators want to ask questions, that they do not use this to make long preambles as the Leader of the Opposition did this afternoon, that they do not use our rules to make a speech before putting a question about one line long. It is in that spirit that we are prepared to answer your questions.

## THE ECONOMY

### GOVERNMENT RESPONSIBILITY

**Senator Marchand:** Honourable senators, I would like to ask the honourable minister a question so we know at what time we will have a truly responsible government. So I would like to know when the minister thinks that might be.

**Senator de Cotret:** Honourable senators, I do not have an answer to that but I can say we will be the first ones to take all the credit, or the criticism, if that turns out to be the case, we will be the first ones to take all the credit for the economic measures that will have been taken.



As you know, there are rather longtime spans between the economic measures a government may take and the reaction of the economic system to them. Surely very little can be done in a four to five month period, as is the case now. Also, as the weeks go by and our economic measures take effect we will, on the one hand, be very happy to take the credit for the success. On the other hand, we will be quite happy to accept constructive criticisms if, by a chance I have great difficulty to imagine, those measures turn out to have been ill-intentioned.

**Senator Marchand:** In short, you expect the benefits to come very soon and the debit part to follow much later?

**Senator de Cotret:** Certainly, under the measures we took, yes.

● (1440)

[English]

### FREEDOM OF INFORMATION

#### GOVERNMENT POLICY IN ADVANCE OF ENACTMENT OF LEGISLATION

**Senator Godfrey:** Honourable senators, my question today was for the Leader of the Government in the Senate, particularly in his capacity as Minister of Justice. In his absence, I trust the deputy leader will not mind his being my second choice.

My question relates to the subject of freedom of information. We have been hearing about tradition in this house this afternoon, and I should like to point out a tradition of the Liberal Party, that being that when we do find something done by the government of which we can approve, we are prepared to say so. In this connection, I want to congratulate the government on the freedom of information legislation introduced in the other place yesterday.

I have a personal interest in this bill which I should disclose. I was a member of the Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments which studied this subject, and the government bill is based upon and, in fact, adopts the report of that joint committee. That is a further demonstration of the value of investigative work done by joint committees. I was also a member of the Special Joint Committee of the Senate and the House of Commons on Immigration, and again in that case the government adopted 95 per cent of the committee's recommendations.

To get to my question, even with all of the good will of all of the parties, it is going to take six months before this freedom of information legislation is adopted and in effect. I attended the hearing this morning of the Finance Committee of the other place at which Governor Bouey was giving evidence. Mr. Bouey was asked whether or not the Bank of Canada had an econometric model and, if so, whether they used that model to make a projection as to the effect which could be expected from an increase in the prime interest rate on inflation, unemployment, economic growth, and so forth. Mr. Bouey replied that they had such a model and had used it in this connection, but he refused to give the results to the committee.

I want to point out that under clause 18 of the Freedom of Information Bill introduced yesterday, he would be forced to give that information. My question is: What steps is the government going to take between now and the enactment of the Freedom of Information Bill to make sure that government officials—and this bill applies equally to the Bank of Canada—will obey the spirit and general principles of the proposed legislation and answer questions such as were asked of Governor Bouey this morning.

**Senator Roblin:** Honourable senators, I am sure the Minister of Justice will regret not having been here to hear the first part of my honourable friend's observations. I much regret that he was not here to hear the last part of my honourable friend's observations, because it puts me in the position of having to attempt a reply on this matter.

I think we can only hope for encouragement that the government may give for the disclosure of information which is currently withheld. I would point out that, as I understand the legislation, once passed, it does have a retroactive character, taking it back, I believe, five years. So, if my honourable friend's curiosity still remains unsatisfied at that date, he could then certainly find out what Governor Bouey would not tell him today.

**Senator Olson:** We want to know today. Today is already after the fact.

**Senator Roblin:** Well, I have no influence over the Governor of the Bank of Canada. All I can do is to convey the suggestion of my honourable friend to the Minister of Finance, which I shall be pleased to do.

**Senator Olson:** Ask the minister today and get a reply today.

**Senator de Cotret:** I am sure that the statement that was prepared for Governor Bouey which he delivered at the beginning of the hearing was tabled at that meeting. That statement—and I was just flipping through it to find the exact page—answers the question the honourable senator has asked.

**An Hon. Senator:** No.

**Senator de Cotret:** Yes, it does. If you will give me a moment, I will find the reference. It says very clearly that as a result of the analysis the Governor feels very strongly that the increase in prices that might result from an increase in interest rates is much less than the increase in prices which would result had there not been an increase in interest rates as a result of further devaluation. He makes that point very clearly in that statement. It is public information, and the Governor has answered that question.

**Senator Olson:** We want to know what the econometric model shows.

**Senator Godfrey:** I guess we must be reading a different paper. I was there when Governor Bouey was asked by Mr. Gray this morning questions about specific projections, which he refused to answer. He said he could not answer them; that we would have to wait. But I do not want to wait until the bill comes into effect six months from now to hear what the

econometric model projected. For that reason, I shall put a supplementary question to the minister responsible for economic development.

As I understand it, the minister has the Economic Council under his jurisdiction, and I gather they have the same kind of econometric model. In fact, I am told it is called CANDID Model 2.0. My question is: Would the minister ask the Economic Council to put this information into their econometric model—which I understand they can do and get the answer in something like five seconds. Would the minister ask the Economic Council to do this for us so that we can get an answer to the question which Governor Bouey refuses to answer?

**Senator Perrault:** Be candid about it.

**Senator de Cotret:** I shall be. First of all, we have not introduced any bill to amend the act setting up the Economic Council. If my memory serves me correctly, the Economic Council of Canada reports directly to the Prime Minister, and not to any other minister. Secondly, the mandate of the Economic Council is very clear in terms of its focus on medium- and long-term policy. What you are asking me to ask this agency to do—an agency which does not report to me—is to undertake a task that is outside its mandate as established in the legislation. I find it very difficult to do that.

Further, the CANDID model is not a short-term model, and the answer you are looking for is the short-term economic impact. So, I can only say that the tools are not there in the Economic Council, nor is the reporting responsibility there through which I could give any follow-up to your question. I apologize.

## THE ECONOMY

### EFFECT OF INCREASE IN BANK RATE

**Senator Haidasz:** I should like to ask the Minister of State for Economic Development what he estimates the harm will be to the Canadian economy in terms of increased unemployment, high mortgage interest rates, inflation, and the gross national product, as a result of the rise in the Bank of Canada prime rate of interest to 14 per cent.

● (1450)

**Senator de Cotret:** I would be very happy to answer that question and I will do so very candidly. I strongly believe that if we had not moved—that is, if the Governor of the Bank of Canada had not moved, as he did, to increase the bank rate from 13 per cent to 14 per cent, then the impact in the medium and long term for this economy would have been much worse than what will result from this admittedly tough action to deal with a difficult problem now. I feel this is going to lay the ground for us to move ahead in a non-inflationary climate down the road. We just cannot tolerate the kind of inflationary situation we are now living with, and the inflationary situation that would have resulted from not moving on interest rates at this time.

**Senator Haidasz:** Then, the Minister of State agrees with Governor Bouey.

[Senator Godfrey.]

My supplementary question now is: Would the minister agree that efforts to attract foreign capital into Canada have been unsuccessful to date as the net outflow of the direct capital investment out of Canada was more than \$2 billion just in 1978?

**Senator de Cotret:** First of all, I would like to reaffirm to honourable senators that, yes, I do agree with the action taken by Governor Bouey, and so does my government.

In terms of your question, I would not relate the difficulty of attracting funds to capital outflow the way you did, for a technical reason, but I think your question is a very reasonable one and well put. On balance, yes, we have been unable to attract enough capital, and that is by definition. Because if we had been able to attract a sufficient amount of long-term capital inflows into this country on a net basis, then we would not have experienced any downward pressure on the Canadian dollar. So, obviously, there are pressures at work, and I think that many of us know some of the reasons. There are pressures at work that have made it such that we have had difficulty in attracting on the capital account, and in the long term, an amount of capital sufficient to offset our current account deficit, and that has exerted downward pressure on the Canadian dollar.

**Senator Haidasz:** Is the government then not going to announce soon, if it has not already set it in motion, some other way of attracting foreign capital instead of raising interest rates every time the banks in the United States do?

**Senator de Cotret:** To the best of my knowledge there are only a few means of attracting foreign capital to a country, be it Canada or any other country. First of all, money is a commodity that flows quite freely across borders, be they provincial, national or what-have-you. Money flows do react to interest rate spreads, and certainly that is an element that was one of the underlying considerations for the reaction announced last night by the Governor of the Bank of Canada.

A second means of attracting capital to an economy is by building up confidence in foreign sectors in the future of that economy, and that is certainly, I think, the purpose of most of the measures that the present government is putting in place at the moment, to ensure that this country will be in a position to realize its tremendous potential in the eighties.

The third area, of course, is, in addition to the climate of confidence, the removal of uncertainties and, as you know, we have had some uncertainties as to the future political and economic direction of this country. It is certainly an area which attracts the attention of this government, and in which we hope we will be able to make some positive changes over the months to come.

But, critically, money will flow to where the rates of return are the highest, and to the extent that we have not been able to offer that in international markets, we have had difficulty in attracting foreign funds.

**Senator Bosa:** Honourable senators, may I put a supplementary question. It relates to a remark that the minister made earlier today when he attributed the increase in the interest



rate to the economic conditions which his government inherited on June 4. Is it not more accurate to say, in order to be in harmony with his colleagues in the other place, that the interest rate was increased because the American interest rate was increased?

**Senator de Cotret:** I certainly did not mean to give the inference, if I did give the inference, that the increase in the interest rate at this time was due only to the economic situation we inherited. But I will underline the fact that the economic situation we inherited certainly limited the degree of freedom with which we had to operate. When we are facing the kind of inflation rate, close to 10 per cent, we are facing at the moment, and when facing the current account deficit—which is likely to be \$7 billion this year—that we are now facing, our potential to look at various alternatives in terms of matching our domestic interest rate structure with that of our major trading partner and that of international money markets is much less than it would be if we were in the envious position of having a current account surplus, for example, or if we were in the position of having a rate of inflation of 4 per cent.

**Senator Olson:** Did you not know there was a deficit last year?

**Senator Bosa:** A further supplementary: Has the minister discussed with his colleagues the matter of providing some assistance to the building industry, some members of which have large inventories? The increase in the interest rate has brought some of them to the brink of bankruptcy. Can the minister advise the house what measures his government is proposing to take to alleviate that situation?

**Senator de Cotret:** Yes, I have discussed this with my colleagues, and not only with respect to measures that might be taken in the area of the housing industry, but also in terms of measures to be taken in the area of small business, and I have instructed the Minister of State for Small Business to review the situation and to make recommendations to me in the very near future, and also in terms of the impact of high interest rates on the agricultural community in this country. So to that question the answer is, yes, we are looking at that very closely. As to the second part of your question relating to the measures we are going to propose, obviously those measures will flow from the discussions that are already under way and will be announced in due course.

**Senator Bosa:** If the minister will permit me, the industry is suffering now because of the high interest rate, and from the answer he has given me it seems as if he is saying, "Live on, my horse, the grass will grow in the spring." The industry needs some assistance right away.

**Senator de Cotret:** I am not suggesting here that we are undertaking six-, seven- or eight-month studies. I would like to emphasize again that we are facing a very tough situation and this is a very tough measure, and there is no intention to try to move in such a way as to obliterate the definite intent on the part of our monetary authorities to tighten up the system and to bring inflation under control.

● (1500)

I would only like to re-emphasize that the potential negative impacts downstream of the kind of inflationary pressures that are building now, and would be building, indeed, at an even more rapid rate if we had not increased the bank rate, would have been far worse in terms of impacts on the very industries you mentioned than the measure we introduced last night.

**Senator Olson:** Was that not true a year ago, too?

**Senator Lawson:** I should like to put a supplementary question to the minister. The question I have in mind, I think, has been in the minds of most laymen. Prior to the announcement of the recent interest rate increase—in fact, prior to the last three or four such announcements—the banks were recording record profits. They were recording profits of 50 per cent; 100 per cent—record returns. Now, suddenly, they are forced to increase their interest rate again, which will make even more money for them.

My question, which is in the minds of most laymen today, is simply this: If the bank vaults are full, as they are, and if the offices are full of money, and if money is pouring in every day, even accepting the answer you have given as to the necessity of taking this step, would it upset any grand scheme of the government if, at the end of the year, the banks were to write letters to their customers, saying, "We find that we really did not need this last increase. We have made hundreds of millions of dollars in record profits. We do not need them. Dear client, or mortgage borrower, or whomever we loaned the money to, we are sending 2 per cent or 3 per cent or 4 per cent back."? Would it upset the economic scheme of the government if the bank were to do that?

**Senator de Cotret:** In answer to that question, senator, I can only repeat what I said two weeks ago. The Minister of Finance is monitoring the situation.

**Senator Perrault:** Another study!

**Senator de Cotret:** And he is watching profits very closely. Certainly, if we find that there is some undue development in that field, I am sure he will introduce measures to deal with it. But I think one must realize that in this whole equation it is not the bank that is the lender; it is not the trust company that is the lender; it is the saver who is the lender. These are merely intermediaries.

When we look at the high rates of interest that have to be paid by borrowers, we must also recognize the problems that are facing the savers in our society, who see the value of the money they lend, either through the banks or trust companies or directly to borrowers, eroded by that very high rate of inflation.

If you look at countries that have let the process get out of hand—many of the South American countries, for example, in the last decade—you will see what has happened. When they let the inflationary situation get out of hand in the last decade they destroyed the savings-investment equation completely, and the downstream effects were disastrous. It is certainly not something that any member of this chamber, I am sure, would like to see happen in this country.

**Senator Steuart:** Honourable senators, I should like to direct a question to the—

**Senator Frith:** If I may, I would like to put a short supplementary question.

*Four honourable senators having risen:*

**The Hon. the Speaker:** Order! I am sure honourable senators would like to see the order of speaking somehow controlled by the Chair. I wonder if I might ask senators, when rising, particularly if they are asking a supplementary, to indicate clearly that it is a supplementary, because that obviously has precedence over a question on a new subject.

Secondly, they would help the Chair by waiting, as they rise, for me to notice them, because I may have already indicated to some other senator that he had caught my eye as he rose.

**Senator Steuart:** I have a question on the same subject, Mr. Speaker, so I suppose it is a supplementary. May I direct it to Senator de Cotret?

Would the minister not agree that with inflation higher now than it has been for the last year, and with the serious problem we have of unemployment, the time now is to lower interest rates in order to encourage Canadians to invest in Canadian industry, thus producing more jobs, and to allow the dollar to find its own level? If, in fact, the dollar does go down, would that not improve the opportunities for people in the export business to take advantage of the competitive position a lower dollar would give them in terms of tourists coming in, for example? Would it not also improve the balance of trade payments? Would he not agree that, in fact, it is now time to be lowering interest rates rather than increasing them?

**Senator de Cotret:** In answer to your question, Senator Steuart, let me just go through what would happen if we lowered interest rates at this point.

Our rates before yesterday, our short-term rates, were already below those that were prevalent in the United States. We were witnessing some very strong downward pressure on the Canadian dollar.

If we were to lower rates in this country right now, the capital outflow would increase, the capital inflow would decrease, the pressure on the Canadian dollar would obviously become greater and the dollar would go down. But, as you have suggested, that might not be all that bad.

But what would happen is this: We would become, obviously, more competitive in world markets, but, as I mentioned earlier, the utilization of the productive capacity of our export industries is very high at the moment, and we do not have the potential of increasing our exports abroad. Thus, we would not gain from the devaluation in terms of our competitive position. We simply could not meet the additional demand generated by the devaluation.

But the devaluation would have some quite significant impacts in terms of the domestic price level, because we import 25 per cent of everything we consume. So a 10 per cent drop in the value of the dollar means a 2½ per cent increase in the rate

of inflation. It is as simple as that. That would be a consequence we would have to face.

So, inflation would go up. Employment, on the other hand, would not go up because we do not have the physical plant in this country right now to increase export sales. So we would wind up with the same unemployment but higher inflation.

That, I suggest, would not be a situation we would particularly like to envisage.

Furthermore, we would wind up with a deterioration in our current account. That is a little bit like the situation the United Kingdom found itself in in the early seventies. We would not improve our current account position, because our exports would not increase owing to the fact that we were supply-bound, and yet on our service account, you know, a 10 per cent devaluation would, for example, when you look at our interest and dividend payments, which are practically all denominated in foreign currency, lead to a 10 per cent increase in the deficit on that account.

So with a reduction in interest rates, you would wind up with higher inflation, the same unemployment and a worse current account position on the balance of payments, and I suggest that that is inconsistent with the overall goals of the economy.

**Senator Olson:** You have made at least one wrong assumption.

**Senator de Cotret:** And there is no politics in that.

**Senator Olson:** You have made some wrong assumptions.

**Senator Steuart:** Would Senator de Cotret answer this, and answer it honestly? Everything I put to him in that question was taken from a speech he made on November 22, one year ago, to a gathering of Quebec Conservative MPs. Obviously, it was a small gathering.

Anyway, he made that speech to them, exactly as I have quoted from it, in criticizing the then Minister of Finance, Mr. Chrétien, and the Governor of the Bank of Canada for raising interest rates.

Will Senator de Cotret be honest and admit that either he was talking economic gobbledygook then, or was playing politics before an election, or that what he is saying now he is saying only because he is now in the government and has taken on a more responsible position? In fact, the only difference is that the Conservatives are in and the Liberals are out, and he is now parroting everything the Liberals said and what he criticized consistently one year ago.

If anything is different, it is that the situation was worse a year ago than it is today.

**Senator de Cotret:** I don't think there is any necessary contradiction between the two statements.

**Some Hon. Senators:** Oh, oh!

**Senator Perrault:** Obviously not!

**Senator de Cotret:** You forget that the situation has changed.



**Senator Perrault:** There are two completely different economic theories!

**Senator Olson:** Maybe he is a left-handed economist now.

**Senator Steuart:** You should not have made so many speeches.

**Senator de Cotret:** I will be happy to give you an answer. You asked for an honest answer. I will give you an honest answer.

You seem to forget that one year has elapsed. Many conditions have changed. For example, what was the price of gold back then? What was the situation then? What was the level of inflation? What was the international rate of inflation? What direction was inflation taking both within and outside Canada?

● (1510)

**Senator Perrault:** The same forces applied.

**Senator de Cotret:** At that point inflation in the U.S. was going down, and right now it is going up.

**An Hon. Senator:** It is always going up.

**Senator Perrault:** Everything is still the same.

**Senator de Cotret:** For honourable senators opposite, everything is always the same. We try to react to the situation at hand. Let me describe the situation in the fall of 1979, and for corroboration I would refer honourable senators opposite to the reports in their friendly newspapers. The situation in the fall of 1979 is very different from that which applied in the fall of 1978. I am not suggesting for a moment that, had we been in power in the fall of 1978, we would have taken the action which we feel it necessary to take now. Hopefully, had we been in power in the fall of 1978—it would have been hopeful for Canada if we had been in power then—we would have taken measures that would have avoided the situation with which we now find ourselves having to cope.

**Senator Olson:** If the situation gets worse, you won't be in power for very long.

**Senator Steuart:** Would the honourable the minister agree that every time he rises in his place to answer the many questions dealing with increased interest rates, we are given a new excuse or a different reason? I have been listening to what he has been saying today, and I heard him when he last spoke on the subject. What he is saying today is totally different from what he has said before. Every answer that he has given parrots exactly what Jean Chrétien and Mr. Bouey said when they took over. The minister now says exactly the same thing. I cannot blame the public for finding this matter somewhat baffling. Every time he rises, the minister finds some excuse to bolster the argument he puts today, which is diametrically opposite to those he put when in opposition.

**Senator Asselin:** He is doing a good job as minister.

**Senator Steuart:** Call an election right now and we shall see what a good job he is doing.

**Senator Asselin:** Call an election any time. We are ready to face the situation.

**Senator Steuart:** I would be ready, but I do not think the House of Commons would be. Honourable senators are always ready for an election. It is amazing how fearless we are when we are in this chamber.

My further supplementary is: Is this the final excuse or set of reasons, or shall we have a new set of reasons next week, when Mr. Bouey raises the interest rate again?

**Senator de Cotret:** The honourable senator has not received a different set of reasons. I pointed out that the situation last year was very different from the situation applying this year.

**Senator Perrault:** You should read all your old speeches.

**Senator de Cotret:** I remember them. I hope that they are enlightening to those honourable senators opposite who read them. They were meant to be when I wrote them.

We will react and will take the necessary policy actions depending on the economic situations, both domestic and foreign, that we face. I suggest that those that we face right now are not those that were faced by Mr. Chrétien last year.

**Senator Olson:** They are worse now than they have ever been.

**Senator de Cotret:** I would not go quite that far. I would be happy to quote a few statistics. We will act in a responsible way in the best interest of the Canadian economy, and I believe that is exactly what the Governor of the Bank of Canada did yesterday. I tried to explain, in a non-political, technical and honest way, what would happen if we had followed the honourable senator's suggestion of reducing interest rates at this time. Given the circumstances in the foreign capital market and in the domestic economy, I believe that would have been a disastrous move. We have to get the problem of inflation under wraps, but we have not been able to do that yet, despite many claims that we have wrestled inflation to the ground.

**Senator Frith:** Honourable senators, perhaps Senator Steuart should remember that Harry Truman once said, "For God's sake, send me a one-armed economist, so that when I ask him a question he will not be able to say, 'On the one hand . . . ' and, 'On the other hand . . . '"

I hope the minister will agree that my question to him is a genuine request for information. I do not know when he gets the time to correct his blues, considering the amount of time he spends here answering questions and trying to make other decisions. He may take his time in obtaining the answer to my question. It arises out of what Senator Lawson and Senator Olson asked last week.

Senator Lawson referred to windfall profits to the banks arising out of the increase in interest rates. That was really the question that Senator Olson asked. In reply, the minister said that the Department of Finance was monitoring the situation to make sure that there were no undue profits or that nothing undue was taking place.

Could the honourable the minister tell us in due course what criterion is being applied, or what criteria are being applied, by

the Minister of Finance to determine whether anything undue is taking place?

**Senator de Cotret:** I will be happy to find out the exact criteria. I believe that the full answers were consistent. I asked the Minister of Finance whether or not they were monitoring the profit situation of the banks, and he assured me that they were. If I recall the question—I stand to be corrected—it was asked in terms of windfall profits. Perhaps “windfall” is excessive. I will be happy to inquire as to exactly what kind of measures are used.

**Senator Frith:** Honourable senators, I was not suggesting that the minister's answers were inconsistent. They were consistent, but we never did get the criteria. We have never asked for them until now.

## AGRICULTURE

### CHICKEN IMPORT QUOTAS

**Senator Argue:** Honourable senators, I should like to ask a question on a different subject. It may not be quite as interesting, but it involves an important area. Yesterday I asked the Minister of State for Economic Development a question about the negotiations that may have taken place in establishing what chicken producers feel to be an exceedingly high quota coming into Canada. The minister said that he would refer the matter to the Minister of Agriculture. I do not complain about that.

Since the Export and Import Permits Act comes under his department and jurisdiction, I ask the minister to explain to the house and to chicken producers why 75 per cent of import quotas are being given to two firms, namely, Maple Lodge Products Limited and Loblaw's Limited, with all the dangers that can flow from that action when two firms have access to this huge importation of chickens. It could become a destabilizing factor in Canada's chicken market.

**Senator de Cotret:** I will be happy to do so. I am not sure that this is the appropriate time to give the honourable senator the answer to the question he raised yesterday. I inquired about the negotiations, and I should like to report that in establishing the quota level, GATT directs a country restricting imports by means of a quota to respect the historical pattern of trade.

In establishing the quota at the level of 45 million pounds, it was not possible to ignore the large increases in imports which occurred in recent years. The level of 6.3 per cent of production established as the quota level is below the proportion imports represented in the 1976-79 period.

The views of all segments of the industry were known and given consideration by the officials prior to establishing Canada's position for the consultations leading to agreement on the quota size with the United States.

I must say that we did negotiate this, and our negotiators have assured me that in their view this was the best agreement they could reach, given the GATT rules.

[Senator Frith.]

In terms of the question raised by the honourable senator today, there has been no hard-and-fast decision made by my department in terms of the allocation of the import permits. As a matter of fact, that was one of the issues raised at my morning breakfast meeting with my deputy ministers. I attempted to get as much information as I could. As you know, there are certain peculiarities, if you like, in that market, and before making any decision I wanted to have the opportunity personally to review how the market developed over the years and what was the best allocation system that could be put in place. So no formal decision has been taken on that.

● (1520)

**Senator Argue:** Is the minister aware of what I believe to be a fact, namely, that when, after a conference in 1974 of organizations interested in chicken markets, it became apparent that a chicken marketing agency was probably forthcoming, the two companies to which I referred, from that date on, imported by design very large quantities of chicken, to get themselves, it is alleged by the chicken producers, into a position to get very large quotas?

I appreciate also what the minister has already said. I ask him, when he is giving consideration to the allocation of quotas, to take into account the representations from the chicken producing organizations across this country, and I believe also from the processors, namely, that the quotas should be divided among processors in this country in proportions relative to their share of the domestic processing industry, and not given in major fashion to two companies that can disrupt, and are disrupting, the market in Ontario, and which are having adverse effects, I believe, on the market in Montreal.

**Senator de Cotret:** I assure the honourable senator, in answer to his second question, that I will give full consideration to the point of view that he has expressed today in terms of how the quotas should be allocated among the processors in arriving at a decision in this matter, which will be forthcoming very shortly.

In terms of his first question, as to whether or not I was aware of the situation he refers to, I will say, in all honesty, that I was not aware of the names of the firms that had been involved in this practice. I was aware that one firm had engaged in this practice in a very major way, and this is what I was alluding to in my last answer when I talked about some of the peculiarities in the evolution of the import patterns with respect to chickens, and something I wanted to have much more information on before reaching any decision. So, while I was not aware of the fact that there were two specific firms, I was aware that there was at least one, whose identity I did not know, and this is certainly something I wanted to look into in much greater detail before reaching a decision.

**Senator Argue:** I will ask the minister if consideration can be given to renegotiating these quotas, in light of the fact that prior to this immediate period the importation of chicken into Canada was almost negligible, so that the Canadian industry is suffering from what is being done. Can something be done about the escalation in the quota that is going to be allowed,



apparently, in the future? I would suggest to him, if I may, that this is a Canadian industry that is ready to occupy the Canadian market and save foreign exchange. This might be a way to assist Canada in the very difficult monetary problems that face us.

**Senator de Cotret:** I will be very happy to note the honourable senator's comments, and consider the potential, but I must again say that we are bound by the rules under the GATT, and we must obviously, as a trading nation, follow the procedures laid down by that agreement; but within that agreement, to the extent that we can, we certainly do have a strong interest and a strong stake in a healthy industry in this sector of the Canadian economy, and we will be doing everything in our power to maintain the health and forward momentum of that industry.

## INDUSTRY

### ASSISTANCE TO CHRYSLER CORPORATION

**Senator Bosa:** I have a question for the Minister of Industry, Trade and Commerce. I realize he has been on his feet quite a bit, so I would be perfectly happy, if he does not know the answer today, to have him take the question as notice and report back on Tuesday evening.

What assistance has this government extended to Chrysler of Canada with regard to its plant in Windsor, particularly in view of the fact that that company has announced its intention—and this may already have happened—to lay off 800 of its employees?

**Senator de Cotret:** Well, in all honesty, honourable senators, I cannot take this question as notice, since I know the answer only too well.

I have met, now, on three occasions with the president and the senior officials of Chrysler of Canada—and this dates back to, I believe, mid-August—and I have met on one occasion, not only with the president of the UAW for Canada but with all of the presidents of the locals involved. I apologize if my answer turns out to be rather long.

Chrysler of Canada put forward to us a fairly detailed proposal involving new commercial initiatives that would both maintain existing manpower and also create a very considerable number of additional jobs, in the Windsor area and in other affected areas in Canada. The proposal is an interesting one, and I hasten to say that, unlike the situation in the United States, Chrysler of Canada did not come to Ottawa cap in hand for a subsidy or a grant or a guaranteed loan. The financial situation of Chrysler of Canada is very different from that of its parent corporation. They came to us with a proposal. Associated with the product proposal, which we were studying, after long discussions—not negotiations but discussions—with officials, we got the latest details a week ago Monday, which allowed us to evaluate the validity of the commercial proposal. At that time, or shortly before, when I last met with the president of the corporation, I indicated to him that the financial part of the proposal was not acceptable to the Government of Canada and that it was something that,

really, I would like him to give more thought to. I told him I would like him to come back to me with various alternatives. I am supposed to meet with him and his senior officials again within the next few days. The meeting was originally scheduled for this week, but it will probably be next week.

I also indicated to Chrysler—and I will conclude with this comment—that there would be no decision forthcoming from the Canadian government until the United States government had made a decision on the fate of Chrysler Corporation in the United States. I think it would be less than responsible on our part to take any action, be it positive or negative, with respect to Chrysler of Canada, before the problems and the financial viability and long-term success of Chrysler Corporation in the United States are better known.

To that end, I have had conversations with the Secretary of the Treasury, Bill Miller, in the United States, to ensure that our review of Chrysler of Canada, and their review of Chrysler Corporation in the United States, were going along in tandem, and that one country, through the back door, was not selling out the other. The American authorities understand our position; we understand theirs; we are working in close co-operation with one another; and as soon as the proposals that are before the two governments can be dealt with, we will be in a position to make an announcement.

Again, I apologize for the length of my answer.

## BUSINESS OF THE SENATE

**The Hon. the Speaker:** Orders of the Day.

**Senator Asselin:** Honourable senators, may I ask that the first seven Orders of the Day stand?

**The Hon. the Speaker:** Honourable senators, I must apologize again, because I had expected to hear from the leaders on both sides as to the procedures that would be followed with respect to a period being set aside, or called from the Chair, for answers to questions asked previously. I see that the minister is ready to give those answers, and I would ask the Deputy Leader of the Government—no doubt this will be conveyed to him—to let me have the decision the leaders have reached as soon as possible, so that we can carry on in a fashion acceptable to the chamber.

**Senator de Cotret:** Honourable senators, I understand that there has not been an agreement reached yet.

**Senator Olson:** It is my understanding that the discussions have not been completed.

**Senator de Cotret:** Any resolution would be helpful.

## CROWN CORPORATIONS

### FINANCIAL STRUCTURE OF PETRO-CANADA

**Senator de Cotret:** Honourable senators, I would like to table, in response to Senator Manning's request for information on Petro-Canada, some data on its current corporate

structure. I believe this is a little too long to read out, so if I may I would like to table it.

*Senator de Cotret then tabled:*

Document entitled "Petro-Canada's Current Corporate and Financial Structure".

## AGRICULTURE

### ANTICIPATED PRICES FOR FAT CATTLE

**Senator de Cotret:** Honourable senators, Senator Hays inquired, on October 24, 1979, as to whether I would inform this chamber of the anticipated price for A-1 and A-2 steers, basis Toronto, next summer.

• (1530)

**Senator Olson:** If you want to read it out, that is fine; however, if you wish, it could be appended to today's *Debates of the Senate*.

**Senator de Cotret:** It is very short. The outlook for beef prices for next summer will be influenced to a large degree by anticipated heavy marketings of pork in 1980. The outlook is that A-1 and A-2 steer prices will be close to 80 cents in Toronto during the first six months with some increase during the summer to the upper eighties by September and October.

**Senator Steuart:** Do you have a crystal ball?

**Senator de Cotret:** It is as close as I can get. I am sure you will quote me on this a year from now.

### ALLEGATIONS CONCERNING EGG MARKETING AGENCY

**Senator de Cotret:** Senator Perrault asked if an investigation would be conducted to determine the validity of the allegations concerning the General Manager of the Canadian Egg Marketing Agency. I should like to report that it is my understanding that the National Farm Products Marketing Council will be asked to investigate these allegations and to determine what action should be taken.

## ENERGY

### MOVEMENT OF OIL BY TANKERS

**Senator de Cotret:** I should also like to give a response to a question by Senator McElman which had to do with the United States Environment Protection Agency announcing that it had denied the Pittston Company of New York the necessary water permits. Denial of these permits by EPA was based on the U.S. Fish and Wildlife finding that the refinery is likely to jeopardize the continued existence of the bald eagle, a species protected under the U.S. Endangered Species Act and which is making a modest comeback in this part of Maine. The EPA ruling was a welcome development, but it does not mean the end of the project proposal. Pittston has appealed the ruling. EPA hearings to review their appeal are expected to resume January 7, 1980.

[Senator de Cotret.]

Our position has not changed. We still consider the transit of large quantities of pollutants through Head Harbour Passage, as envisaged in the Eastport proposal, unacceptable.

## INTERNATIONAL TRADE

### GOVERNMENT AID TO EXPORTERS

**Senator de Cotret:** I should like to respond to a question asked by Senator Perrault yesterday which related to a statement that I allegedly made in a speech I gave to the Canadian Export Association. I was alleged to have said that we were putting an end to market surveys.

I should just like to read briefly the section of the speech that presumably gave rise to Senator Perrault's question. It was a speech that was not read, but I used notes and, unfortunately, I do not have my notes in both languages in order to table them officially. I only have the transcript of the tape recording, and I quote from it:

It worries me also when I continue to get from business in Canada and, unfortunately, I'll have to include the export fraternity, suggestions for more new additional support programs. Yet, since I walked into my new office several months ago, not one businessman has come to see me to suggest that he, or his industry, could get along with less. The opposite is more the case than the exception. I don't want to belabour the point. I think I've made it, and I leave you with these worrisome items to think about. I can only tell you that Mike Wilson and myself can't, all by ourselves, solve all of your problems. The more you look to government to eliminate risks in your ventures, the more you can expect government, at the other end of the fiscal road, to hold out its hands for payment as the great insurer. The more you expect government to go out and find markets for you, the more you have to expect that you're going to have to pay for it. We're there. We're there to help you. We're there to create the environment. We're there to give you the support. We're there to find the new ways. We're there to open the doors. Use us that way. We'll be partners in development, and in meeting the challenges that this country faces in the decade to come.

I believe that was the only allusion I made in the speech to market development. As honourable senators will appreciate, this is a strong commitment on the part of the government to play a very supportive role in the area of trade promotion.

## SPEECH FROM THE THRONE

### MOTION FOR ADDRESS IN REPLY—DEBATE CONTINUED

The Senate resumed from yesterday consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Bielish, seconded by Senator Charbonneau, for an Address in reply thereto.

[Translation]

**Senator Tremblay:** Honourable senators, first of all I would like to join with all those who have spoken before me in this



debate in paying homage to Senator Grosart and congratulating him on his appointment to the prestigious position of Speaker of the Senate.

[English]

Mr. Speaker, the words of those who have personally observed the eminent role you have played in this house for many years have convinced me of your qualifications to discharge such a heavy responsibility. Since last Thursday when the debate became more lively—that seems to be a characteristic of Thursdays—I have noted that not only do you have the professional attributes to carry out your tasks, but you also manage to bring a touch of humour to the situation. *Castigat ridendo mores*, as the old adage goes.

I thank you, Mr. Speaker, for having given a novice such a very good lesson in parliamentary wisdom and dexterity.

[Translation]

While I am congratulating the new Speaker, I would like to pay homage to his predecessor, the Honourable Renaude Lapointe. I especially want to tell her how I admire the manner in which she has fulfilled her duties in this assembly and even more for the way in which she was able to bring prestige to the position of Speaker of the Senate outside our institution.

It gives me special pleasure to congratulate sincerely the mover and seconder of the Address in reply to the Speech from the Throne, Honourable Senator Bielish and Honourable Senator Charbonneau, for the ease with which they handled the difficult task of addressing this assembly for the first time, which I am now going through myself. You will therefore understand if I start, referring to my only other occasion of participating in your work and deliberations before today.

This occurred just over a year ago, on September 28, 1978, before the Special Joint Committee of the Senate and the House of Commons on the Canadian Constitution. Members of this committee may recall the occasion better if I say that Senator Lamontagne was in the Chair on that day, and by the way, I want to thank him for having referred to my appointment in such a positive manner. As you will recall, you were discussing Bill C-60 and had invited groups and people outside the Senate to take part in your debates. As I remembered that, in reply to a question concerning the House of Federation proposed in the bill, I had expressed certain opinions about the Senate, I obviously had the wish to read the minutes of the joint committee to see whether I did not inadvertently express myself otherwise than I would have wished today. I said the following:

The role of the Senate in our system is not simply a role of regional representation. The Senate must play the role of a second House in our parliamentary system, and to my knowledge, it has played this role quite actively in many respects. I am not saying this because of any wish to flatter those present here, but because the basic issue is whether or not the Senate will continue to play this role of

a second House in relation to the House of Commons.

The proposal to introduce a House of Federation in the Canadian federal institution system must in my opinion be discussed quite separately from any suggestion to abolish the Senate. It seems to me that we have to do so mostly to prevent any dangerous confusion from occurring, in the event that the Senate is abolished and the House of Federation is created, by asking the new House, in the absence of the Senate, to fulfill certain of the present duties of the Senate which are not the duties of the House of Federation, but those of the second House of a Parliament.

Needless to say, I feel better for having underlined the positive and necessary role of the Senate in our parliamentary system than if I had supported unequivocally the proposal to abolish the Senate.

**Senator Asselin:** You missed the target.

● (1540)

**Senator Tremblay:** Sheer accident, undoubtedly. But sincerely, though, take my word for it. However, in what I said last year there was no Machiavellian intention of leaving certain future prospects open for me. Indeed, it was in an altogether different context than that of the Senate that I imagined that I would be continuing my career.

How many things have changed during the past year. How many changes took place which affected all members of this house, not to talk about those outside who were also affected. It is in that process of change in the course of things that I had to change my own assignment drastically.

In the opinion of many, the invitation extended to me to become a member of this house and my acceptance took on the appearance of something unforeseeable and unexpected. So it did not seem to me inappropriate or unbecoming to indicate to you what factors played a determining role as far as I am concerned in this reorientation, apparently paradoxical to some.

The first factor was the very terms in which an invitation was being made to me and which included to a large extent an objective I had constantly pursued during my career, namely the necessary renewal of the Canadian Confederation. I was indeed being asked to pursue that fundamental objective as a member of the Canadian Senate from Quebec. I was being offered an opportunity to express in a federal parliamentary institution a Quebec point of view on the future of Canada, a point of view based on my experience of inter-governmental relations.

I was being offered the opportunity to serve Quebec and Canada in a more determining and more effective way than I could have otherwise at this time. How could I have, without contradicting in a certain way my previous directions, shirked my duty to be present that such an opportunity demanded?

Another factor of no little significance also played a role in my involvement and final decision, the previous attitudes and behaviour of the Prime Minister and of this government on

federal-provincial relations. These attitudes and behaviour were later reflected in the Speech from the Throne in particularly meaningful terms, and the Prime Minister referred to them in the House of Commons in the following terms:

As a new government, we have set a first immediate objective: the easing of the climate of federal-provincial relations. This is what we did. Action has been taken in that perspective. I think, for instance, of the agreement signed as regards Loto Canada. An agreement in principle has also been reached between the new government and some coastal provinces concerning offshore mineral resources. In the same spirit, we have decided not to reintroduce in the Commons the bill on the referendum as proposed by the former government. This measure was perceived in Quebec as an act of aggression and it is precisely the kind of attitude that my government intends to change.

So, my government has the firm intention of altering the atmosphere of federal-provincial relations. Concrete measures have been taken in recent weeks and others will be in the future. We believe that it is possible to solve several problems without any constitutional amendment and without revising the constitutional tool we now have at our disposal.

Such an open-minded approach was meeting, in my view, a need that was deeply felt across the land, at least at the provincial government level.

It also answers the third factor I wish to refer to, the trend that has been apparent throughout the nation in the last few years, the urge for a meaningful renewal of our federation.

I feel I can safely suggest that a far-reaching awareness of this is developing among governments and peoples of Canada. This was not the case only ten years ago or so, when Premier Robarts took the initiative to summon his colleagues from other provinces to the historic conference on the Canada of tomorrow. However, a lot of ground has been covered since that conference in 1967. Ample material is now available to convey the reflections accumulated by government organizations and an increasing number of groups outside parliaments over the years, and especially after the chain of events, starting from November 15, 1976 in Quebec.

In particular, there was the report by the Joint Committee of the Senate and House of Commons on the Constitution, that was tabled in the months following the Victoria Conference in early 1972, if I am not mistaken, and which includes recommendations that are far from being devoid of significance. The same goes, in my view, for materials tabled last year during the proceedings of the Special Joint Committee on Bill C-60. There is also the letter of October 1976 from Premier Lougheed to the Prime Minister in which the former announced the consensus reached by the provinces on important matters discussed during the first ministers' meetings in Edmonton, in Banff and in Toronto.

Also, we must not underestimate the importance of the many conferences held in various areas from 1977 onwards. I

[Senator Tremblay.]

am thinking, for instance, about the Destiny Canada Conference which hundreds of people attended in June of that year at York University. I am thinking also of the Alternatives Canada Conference organized by the Canada West Foundation in April 1978. The title given to those two conferences reflect quite well the increasingly clear, in my opinion, awareness that the constitutional tools at our disposal are no longer sufficient to solve the problem facing the Canadian federation.

The same is true of the work of the Pepin-Robarts group. Beyond the undeniable significance of the hearings of this task force as a tool for collective therapy, the Pepin-Robarts Commission has produced a report of excellent quality which must certainly be considered in any adjustment of our institutions to the requirements of the present and future.

In summary, one conclusion seems to be drawn by the numerous institutions, groups and individuals involved in the collective reflection process of the last few years: There now seems to be a general desire to bring about changes aimed at establishing a better balance between the communities which make up the Canadian mosaic on the one hand, and both levels of governments on the other hand, and to respect the identities and roles of each of them.

As I should have known, many friends in Quebec who were surprised at the new direction I was taking hastened to tell me that I was deceiving myself by basing my decision on the assumption that there was really a wish for change in the country as a whole. They may be right.

For my part, I remain convinced that there has been an important evolution in this regard in the last few years. Most important, I am convinced that certain changes are needed in view of the present situation.

However, we are all aware that there are considerable differences in the ideas that Quebecers and Canadians in general have about what changes are necessary. The situation has evolved and continues to evolve in Quebec visibly faster than elsewhere in Canada.

Trying to bring harmony and consistence to the rhythm and the direction of these two evolutions which have been until now parallel, not to say opposed, is certainly a most difficult task, especially since the time frame is so limited.

Whether we think of the period before or after the referendum, we have very little time at our disposal in view of the complexity of the renewal project that must be developed and the importance of the issue involved.

As a Quebecer, I was already required to make a choice in a very short time, and I will have to do so in any case when the time comes to vote on the Quebec version of the renewal required.

The honour that has been bestowed upon me by my appointment to this assembly adds to the need for me, as a Quebecer, to participate more closely in the development of a federal version of this renewal.

Honourable senators, I can promise you my full participation and cooperation in the work that we may be asked to do to



develop the collective project which will give back to the Canadian federation its full meaning for all its parts.

● (1550)

[English]

**Senator Godfrey:** Would the honourable senator permit a question?

First of all, I would like to compliment him very much on his thoughtful maiden speech, but I made an even more concrete compliment to him over the past week-end by actually re-reading with great interest the testimony he gave before the Special Joint Committee of the Senate and House of Commons on the Constitution. I noticed in that testimony he said that in his opinion all of the senators should be appointed by the governments of the provinces. I just wondered, since he has been now appointed by the federal government, if he still holds to that view.

[Translation]

**Senator Tremblay:** Honourable senator, I think that the answer you just mentioned should be considered in its proper context. The comments I made last year about the role of the Senate and that I just recalled were rather far-off at the time when this matter was discussed in committee, and the remarks you just pointed out analyzed the concept of a "House of Federation", the working principle of Bill C-60, in other words the feasibility of a House of Federation. They had a meaning only insofar as they compared various formulas for establishing a House of Federation; under the first formula, the House of Federation was to be composed of representatives of national or legislative assemblies reflecting the composition of the distribution of parties in each legislature.

As concerns the second formula, I was then considering the possibility of a House of Federation with a different role than that of the Senate. I still believe that the representation of provinces of member states of the Federation through the representation of parties in the legislatures is not a good formula. I think that governments should designate the representatives of provinces in spite of any inconvenience involved.

My answer was rather lengthy and I apologize for it because the apparent inconsistency between what I said about the House of Federation is only apparent as I made a remark that you have recalled about the House of Federation and its feasibility.

**Senator Denis:** I suppose that this formula was not good. It made some sense then because of Bill C-60. But as that bill was never passed, you said that it was a good thing but not anymore.

**Senator Tremblay:** I do not really know if I fully understand the meaning of this last remark. I apologize for not understanding its full significance.

**Senator Denis:** In other words, you say that the formula was justified then.

**Senator Tremblay:** If the issue is whether Bill C-60 having disappeared, all those questions become mere speculation, I entirely agree. On the other hand, if the question had another

meaning, if you want to know whether I have changed my mind since that time, I can say that this has no basis in fact.

● (1600)

[English]

**Senator Donahoe:** Honourable senators, as I rise for the first time in this chamber, I should like my first words to be like those of so many who have preceded me—words of congratulations to Senator Grosart upon his appointment as Speaker of this august body. I have not had the opportunity to witness and evaluate the contribution that he has made in the past to the work of the Senate, but I have had the opportunity, over a long period of years, to know His Honour and to be familiar with his qualities. I know that the qualities I observed and appreciated in those days will stand him in good stead as he presides over our deliberations.

I wish also to congratulate the mover and seconder of the Address in reply to the Speech from the Throne, Senators Bielish and Charbonneau. In my opinion, they acquitted themselves in a first-class manner. It was appropriate that Senator Bielish should have spoken on the eve of the fiftieth anniversary of the "persons" case, because, as she spoke, she was a living exemplar of the correctness of that decision. In his speech, Senator Charbonneau brought a new and interesting point of view to the deliberations of this body, and I am sure that he will be heard with interest in future debates.

I must also say a word or two about my predecessor, the Honourable Harold Connolly. Because of ill health, Harold was forced to resign his seat. He was, when good health was granted to him, a brilliant speaker and a dedicated Nova Scotian Canadian. I feel that his leaving this chamber was the Senate's loss, although I understand it is true that his physical condition had for some years prevented his making the contribution to the work of this chamber that his talents would otherwise have made possible.

Since I have mentioned the name Connolly, I should like to say at this stage that it was a great pleasure to be greeted by another senator by the name of Connolly, Senator John Connolly, who served with such distinction for many years as the Leader of the Government in the Senate. He is an old friend of mine. I think it appropriate to mention that on one occasion I had the pleasure and privilege of representing my province at a constitutional conference. That conference was presided over by the then Minister of Justice, Guy Favreau. His deputy, or his assistant chairman—whatever the title was—was Senator John Connolly. It was from that conference that there emerged the formula for constitutional reform which came to be known as the Fulton-Favreau formula.

I have said many times, and I should like to repeat in this house today, that if everyone associated with that conference had had his due, the formula might very well have been entitled the Fulton-Connolly formula, because the input of Senator John Connolly at that constitutional conference, and in arriving at that formula, was a very real and great one.

I enjoyed Senator Macquarrie's maiden speech because he stood up here and made it so obvious to all that he was pleased

and happy to find himself in the upper chamber after so many years of distinguished service in the other place. I want to say to him that his was an almost instant transition from the field of parliamentary service in the other place to this place. I ask him to imagine how I feel. Imagine my pleasure at finding myself alongside him after the lapse of almost a decade between my last period of service in a legislative assembly and my appointment to this house. I thought my political life had ended. I felt that I was destined to take my satisfaction vicariously through my two sons who are both members and form part of the Government of Nova Scotia, one as a minister of the Crown, the other as the Deputy Speaker of the Assembly and Chairman of the Assembly's Committee on the Constitution. My second son, I think it of interest to note, was for some time an executive assistant to no less a person than the present Minister of Justice, Senator Flynn, the Leader of the Government in the Senate. I was very happy to see that the lessons he learned at the feet of Senator Flynn were put to good use in his native province of Nova Scotia.

I found when I came here that I had many friends who preceded me. Most of them, including Senator Steuart, who made a kindly reference to me when he spoke the other day, Senator Thériault and Senator Rowe, I met when they were serving in other provincial cabinets. I first became acquainted with Senator Goldenberg many years ago. In those days he was an expert in municipal law and an adviser to municipal governments and, later, to provincial governments. It was my good fortune to encounter him on many occasions when we came to Ottawa to discuss constitutional matters.

I have noticed Senator Deschatelets in the house. More than 20 years ago Senator Deschatelets and I were members of a parliamentary delegation which visited India. Through the years, I have derived great pleasure from recalling the memories of that Commonwealth meeting, and very pleasant memories they were insofar as my association with Senator Deschatelets was concerned.

There are some senators in the house I know of but have never met. I see Senator McIlraith listening to what I am saying. I do not think I have ever met or been introduced to Senator McIlraith, but in a very real sense, honourable senators, he is responsible for my presence here this afternoon. I think it only just and proper that he should sit here now and listen to what I have to say, because without his assistance I would not be here. I know he is wondering what I mean. He doesn't have the slightest suspicion or idea that he in any way ever helped me to gain my appointment to the Senate and so occupy this seat.

● (1610)

I will explain myself by saying that I once sponsored a bill to be put before the Parliament of Canada to increase the complement of judges of the Supreme Court of the Province of Nova Scotia. It provided for the addition of two judges, and it was understood in quarters where it mattered that if the bill passed, one of the appointments would fall to me. I do not know because of what motivation, but Senator McIlraith saw to it that the bill in question got talked out in committee. It

never did get passed. The government of the day fell, and when a similar bill was ultimately passed into law under another administration, the appointments went in a direction which was of no benefit to me.

So, had it not been for that "support" along the way from Senator McIlraith, I honestly believe that I would not have been available to answer a willing "yes" when I received the welcome telephone call from Prime Minister Clark this fall.

**Senator Perrault:** That is real cooperation.

**Senator Donahoe:** Senator Hicks is in this house too. He and I were friendly enemies for some time before he packed up his political activities on the provincial stage and transferred his talents to the realm of Academe and to this chamber, two concurrent assignments to which he has seemed to be fully equal. When he congratulated me on my appointment to the Senate, he hastened to assure me that, "In the Senate"—and these are his words—"we are all truly objective". I assured him that if that proves to be the case, I shall be as objective as the next fellow. So far, I think he has been nearly right; but I have observed a few performances which re-assure me that I do not now, as a result of where I now find myself, have to become a political neuter.

Of course, I was sponsored in this house by my very good friend, former colleague, and genial whip on this side, Senator Macdonald, and I thank him for that. He also played a part in my reaching this place, although it was not quite along the same lines as that played by Senator McIlraith.

I was thrilled by the stirring performance earlier this week of my old friend, college classmate and former leader, Senator G. I. Smith. He is not here today to listen to me as he is in the sunny Caribbean representing Canada on the occasion of a new national state coming into official being.

Honourable senators, since this debate began, I have heard the new government criticized on several scores. The government's proposal for dealing with Petro-Canada has been a favourite target. Well, I do not propose to argue about Petro-Canada. I know that Petro-Canada is held up by the NDP and my honourable friends opposite as the St. George who will save us from the dragon of the multinationals. I am a Nova Scotian, and I know that every gallon of oil that reaches our shores, whether through Petro-Canada or any other source, is useless to us until it is first received and refined by those same multinationals. I know that the people who bewail the changes—changes which, to my mind, will make Petro-Canada a more effective instrument for the public good—are the same ones who, in the long, dreary years that they were in power, failed to establish a national energy policy which put all Canadians in an equal position. They left the Atlantic region totally dependent on offshore oil, and made it the most vulnerable region of the world when the oil producing countries began their holdup of the western world.

The Clark government has set 1990 as its target date to achieve energy self-sufficiency, and the shabby treatment given to the Atlantic region by the previous administration is the best of reasons for this government to support the utmost



utilization of our coal resources as one important part of our drive to utilize all the means at our disposal to achieve energy self-sufficiency—and not only our coal, but that vast reservoir of power waiting to be tapped from the Fundy tides. I urge the government to make these developments possible, and the sooner the better.

I am encouraged in that regard by an article I read in my local paper just a few days ago which quoted an address given in New Brunswick by the Prime Minister, in which he said that the Atlantic region has the resource potential to be a strong partner in Canada. He said his government is committed to working with the provinces of the region to build up the resource strengths of each province, and he concluded in that regard by saying that strong parts of Canada are the best guarantee of a strong, united Canada. Those sentiments are very dear to my heart, and I am sure that they will appeal to all those who wish to see the unity that we all hope for brought about. That, in my opinion, is the means by which unity can be achieved in this country.

I have heard suggestions in this house that the Clark government is in some way responsible for difficulties that are said to be arising in the provision of health care services. When the Government of Canada put forward the offer to share the cost of hospital insurance with the provinces, I was the Minister of Public Health in Nova Scotia, and the Honourable Paul Martin was the Minister of National Health and Welfare. How well I remember the terms that were offered, how they were only available if a majority of the provinces having a majority of the population of Canada accepted them, and how, when it reached the point where all that was required was the consent of one more province, the Minister of Health of New Brunswick and I journeyed to Montreal to see the Minister of National Health and Welfare. He was so busy that we could not catch him in Ottawa, but he did say he would give us an appointment in Montreal. So we travelled to Montreal to see him, and we were ushered into his suite. He received us very graciously, of course. We went there hoping to bargain for better terms. We were prepared to say to him that our provinces would enter the plan, thereby making up the required majority of provinces, but that we would like him to make it a little easier for us to do so. That was our intention in seeking the appointment, and that is what we meant to do.

We were barely in the room with the federal minister when an assistant came in and asked him to take the telephone. He did so in front of us, and carried on an animated conversation with someone whom he called Alex. Finally, he put the telephone down and turned to us and said, "Gentlemen, that was Alex Campbell"—you will remember that Alex Campbell was the Premier of Prince Edward Island at that time. He said, "That was Alex Campbell advising me that Prince Edward Island has decided to accept the plan." Then he smiled graciously, leaned over and said, "What was it you gentlemen wanted to speak to me about?" Well, needless to say, we had very little to say, but it was only after Nova Scotia and New Brunswick had both agreed to enter the plan—indeed, about six months later—that P.E.I. made the decision

that we thought had been made that day we were in Montreal. Do you wonder that from then on I always dealt with federal ministers at arm's length?

• (1620)

Later, when Medicare was introduced, Nova Scotia, as it had done in the case of hospital insurance, sought modifications that would have made the plan more financially bearable, while providing a high standard of care wherever it was required, and leaving some personal responsibility to pay on those who were able to do so. Well, we had no success. The insistence was on a comprehensive service, on universality of coverage and on portability of benefits, and the proposal involved a 50-50 sharing of costs on all agreed services. I feared then, and it came to pass, that the day would come when escalating costs would drive the federal government to place limits upon its share and to leave the provinces to look after the escalation on their own. If today there are some problems arising in the supply of health care, if overbilling is becoming more common, if in some provinces too many doctors are not willing to practise under the Medicare plan, and if some are leaving for greener fields, that is a result that might have been foreseen when there was anything less than a full sharing of the total cost of agreed services. I would, of course, be the first to admit that means must be found to control the costs and to continue to deliver the highest possible level of service, but the problem is just another Liberal engineered one which somebody else is going to have to solve.

I would like to cite another subject that has caused some attack on the new Prime Minister, and that is his position with respect to the referendum to be held in the province of Quebec. That has drawn some fire from across the aisle, and I propose to say just a few words about it.

I should tell you that I once made a speech in the legislature of Nova Scotia in French, and that the then Leader of the Opposition referred to my remarks with the phrase, "whatever language that was that he was speaking," after I had resumed my seat. I did the best I could. I retorted that I had always been aware that the Leader of the Opposition did not understand French, and do you know that, though he has now happily returned to his position as Leader of the Opposition, some of his public efforts to use French when he had been elevated to the other side of the chamber succeeded in convincing me that I was right. Nevertheless and notwithstanding—  
[Translation]

Honourable senators, I must admit I am unable to express myself in both languages like several of my colleagues.

I do hope that while I sit in the Senate I shall manage to learn French adequately, which will enable me to take an active part in discussions and debates. By mastering that language, which is the mother tongue of millions of Canadians, not only shall I not bore you with my limited knowledge, but I shall also learn to understand and appreciate the wisdom and rhetorical gifts of my colleagues on both sides of the Senate when they take part in the discussions with the enthusiasm that is theirs.

I close my remarks on "la belle langue" fully confident that, when the time comes for the referendum, the Canadians of Quebec will decide to remain an important part of our nation, as it was in fact in the past, through the wish and free consent of their patriotic ancestors.

Furthermore, I firmly believe that decision will be owed, in part, to the fact that we now have in power a party and a Prime Minister who can give Quebec reason to believe that the days of an uncompromising and rigid central dictatorship are over, that it has been replaced by a government whose new attitude of co-operation and understanding will not bear to see Canada divided and destroyed. We will see the rebirth of a stronger nation, of which all Canadians will be proud because they will feel that they are being treated fairly.

[English]

Before concluding—and I am approaching my conclusion—I would like to say that my friend Senator Lamontagne, in his capacity as Secretary of State, once made a gift to me of a book of collected speeches, the speeches that were made at the time of Confederation, for which I thank him again. I tell you all that perusal of those speeches makes it abundantly clear that this Senate came into being to preserve a balance of representation among the provinces that could be, and that to some extent has been, lost in the other place by reason of differences in growth and development in different parts of the nation. I know that Nova Scotia already has eloquent advocates in this place, but it is my hope that I shall be able to add some additional strength to their efforts, and by expressing today my support for the Address in reply to the Speech from the Throne, which promises good for all of Canada, I like to think that I am taking my first step in the desired direction.

● (1630)

In the course of a luncheon as guests of Mr. Speaker, the genial and able Clerk of this house drew to my attention the Latin inscriptions on the walls of the Speaker's Chambers and procured for me a card listing them with their French and English translations. The last one is by Cicero. The French translation of it is:

Soyez guidés par la raison plutôt que par l'opinion publique.

Or in English:

Let reason prevail with me more than popular opinion.

It is my hope, honourable senators, that this Ciceronian advice will animate me during my stay here among you.

Honourable senators, Senator Lamontagne's book of speeches gave me an insight into the way in which this chamber was thought about, and I want to conclude by saying that one of the first questions addressed to me when I came here to take my seat in this chamber was by another member of the house who said to me, "What are your views on Senate reform?" My answer was, "Well, from my point of view, I think a very high measure of Senate reform was effected when the Prime Minister appointed me." I say that simply because I do believe that one's perspective does change, and since coming to this house and since having had the opportunity to observe how it works and to absorb, in some small measure, a little feeling of the tradition of this place, I am sure that I could no longer subscribe to all those attacks that I heard made on this place in years gone by by people who, I now realize, never really understood the significance of it. They never really understood that it was created and established for the purpose of keeping an even balance among all of the parts of Canada. It was not only a chamber of sober second thought; it was a chamber of the provinces.

There is much talk about the chamber of the provinces. Well, when I look around and see the individuals sitting in this house, so far as I am concerned, they do represent a chamber of the provinces. They are here in reasonable proportion, and that helps to keep some balance among the different areas of the country, giving them a somewhat equal voice which would not otherwise be available to them if we were depending merely upon a mathematical calculation and numbers.

I feel that this house has played, and will continue to play, a real role and a real part in the development of the parliamentary institutions of this country, in the conduct of good government and in the production of good legislation.

Honourable senators, may I say that it is my earnest hope and my earnest wish that during the years I may be privileged—and, I may say, they will be far too few—to remain with you, I shall be able to play some part in maintaining the high quality and character of the work of this house and the effectiveness of its functioning.

**Hon. Senators:** Hear, hear.

On motion of Senator Petten, for Senator Graham, debate adjourned.

The Senate adjourned until Tuesday, October 30, at 8 p.m.



## THE SENATE

Tuesday, October 30, 1979

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

### DOCUMENTS TABLED

Senator Flynn tabled:

Report of the Canadian Centre for Occupational Health and Safety, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1978, pursuant to section 21 of the *Canadian Centre for Occupational Health and Safety Act*, Chapter 29, Statutes of Canada, 1977-78.

Copies of Reports of the Anti-Inflation Board to the Governor in Council, pursuant to section 17(2) of the *Anti-Inflation Act*, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act of certain proposed changes in compensation plans, as follows:

1. Canadian Oxygen Limited, Arcweld Division and its employees represented by le syndicat des employés d'Arcweld (CSN), dated August 13, 1979.

2. Les Entreprises Marchand Ltée and certain groups of employees, dated July 13, 1979.

3. District of Campbell River and its elected officials, dated July 9, 1979.

4. Halifax County Municipal School Board, Halifax, Nova Scotia and its executive group.

5. Newfoundland Transport Ltd. (Clarke Transport Canada Inc.) and its truck and tractor drivers, mechanics, checkers and warehouse men, unionized members of the Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees, Humberview Lodge 267.

6. North Shore Private Hospital (1969) Ltd., and certain groups of employees.

7. Queen Victoria Hospital, Revelstoke, British Columbia and its executive group.

8. Saskatchewan Construction Labour Relations Council, North Saskatchewan Building and Construction Trades Council, and the South Saskatchewan Building and Construction Trades Council and locals of certain unions.

9. Flanders Installations Ltd., and its general mechanical electrical contractors group (001) executive, dated May 31, 1979.

10. Asea Industries Limitée and its employees represented by La Fraternité interprovinciale des ouvriers en électricité (unité bureau), dated May 14, 1979.

11. Coopérative Fédérée de Québec and its executive group, dated May 14, 1979.

12. Alexandria Police Commission and the Alexandria Police Association, dated May 9, 1979.

13. Couturier Construction Ltd., and its residential carpenters represented by the United Brotherhood of Carpenters and Joiners of America, Local 1137, dated May 1, 1979.

14. Corporation of the City of Chatham and its administrative employees, dated May 3, 1979.

15. Domco Industries Limited and its employees represented by the Union of Employees of Domco Industries Limited of Farnham, dated May 3, 1979.

16. Trizec Equities Limited and its employees represented by the International Union of Operating Engineers, Local 882, dated April 9, 1979.

17. The Canadian Red Cross Society and its Montreal laboratory helpers represented by the Union of Laboratory Helpers of the Red Cross (CNTU), dated April 9, 1979.

18. The Campbellford Memorial Hospital and its executive, management, nurses, paramedical and professional groups, dated April 9, 1979.

19. The Parry Sound and District General Hospital and its executive, management, paramedical, service workers and clerical groups, dated April 9, 1979.

20. Truro Gypsum Limited and its Saskatoon plant employees represented by the United Cement, Time and Gypsum Workers' International Union, Local 453, dated April 9, 1979.

21. The Bonnyville School District No. 2665, Bonnyville, Alberta and its custodial employees, dated April 2, 1979.

Copies of Report of the Anti-Inflation Board to the Governor in Council, pursuant to section 17(2) of the *Anti-Inflation Act*, Chapter 75, Statutes of Canada, 1974-75-76, reporting its reference to the Administrator of the said Act respecting prices and profits of British Columbia Forest Products Limited.

Copies of Order in Council P.C. 1979-2783, dated October 16, 1979, appointing the Acting Prime Ministers and Acting Ministers.

Document entitled "Legislative Proposals to replace the Juvenile Delinquents Act", issued by the Solicitor General of Canada.

Report of the Minister of Finance respecting Olympic coins for the period ending March 31, 1979, pursuant to sections 17(1) and 17(3) of the *Olympic (1976) Act*, as amended, Chapter 68, Statutes of Canada, 1974-75-76.

Report of the Administrator of the Maritime Pollution Claims Fund for the fiscal year ended March 31, 1979, pursuant to section 747 of the *Canada Shipping Act*, Chapter S-9, as amended by Chapter 27 (2nd Supplement), R.S.C., 1970.

Copies of interim report of the Honourable Robert L. Stanfield to the Prime Minister of Canada, dated October 26, 1979, in respect of the location of the Canadian Embassy in Israel.

Report of the Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in Research on the Diseases of Children, including the Auditor General's Report on the financial statements of the Board, for the fiscal year ended March 31, 1979, pursuant to section 15 of the *Queen Elizabeth II Canadian Research Fund Act*, Chapter Q-1, R.S.C., 1970.

Copies of reports of the Administrator under the *Anti-Inflation Act*, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the following references:

1. Canadian Oxygen Limited, Arcweld Division, St. Laurent, Quebec, dated October 25, 1979.
2. National Drugs Limited, Winnipeg, Manitoba, dated October 25, 1979.

He said: Honourable senators, I draw your attention particularly to the document entitled: "Legislative Proposals to replace the Juvenile Delinquents Act," and copies of the interim report of the Honourable Robert L. Stanfield to the Prime Minister of Canada, dated October 26, 1979, in respect of the location of the Canadian Embassy in Israel.

## STANDING COMMITTEES

### FIRST REPORT OF COMMITTEE OF SELECTION PRESENTED

**Senator Macdonald**, Chairman of the Committee of Selection, presented the following report:

Tuesday, October 30, 1979

The Committee of Selection, appointed to nominate senators to serve on the several select committees during the present session makes its first report, as follows:

Your committee has the honour to submit herewith the list of senators nominated by it to serve on each of the following select committees, namely:

### JOINT COMMITTEE ON THE LIBRARY OF PARLIAMENT

The Honourable Senators Bélisle, Bell, Cameron, Choquette, Fournier (*de Lanaudière*), Fournier (*Madawaska-Restigouche*), Hicks, Phillips, Quart, Rousseau, Rowe, Sullivan and Thériault. (13)

[Senator Flynn.]

*ka-Restigouche*), Hicks, Phillips, Quart, Rousseau, Rowe, Sullivan and Thériault. (13)

### JOINT COMMITTEE ON THE PRINTING OF PARLIAMENT

The Honourable Senators Adams, Anderson, Bielish, Bonnell, Bosa, Charbonneau, Choquette, Eudes, Fournier (*Madawaska-Restigouche*), Fournier (*Restigouche-Gloucester*), Guay, Lewis, Macquarrie, McGrand, Muir, Rizzuto, Sullivan, Williams and Wood. (19)

### JOINT COMMITTEE ON THE RESTAURANT OF PARLIAMENT

The Honourable the Speaker, the Honourable Senators Bélisle, Godfrey, Hicks, Inman, Norrie and Quart. (6)

### JOINT COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS

The Honourable Senators Doody, Godfrey, Lafond, Nurgitz, Riley and Sherwood. (6)

### COMMITTEE ON STANDING RULES AND ORDERS

The Honourable Senators Beaubien, Bonnell, Bosa, Choquette, Connolly, Cook, Desruisseaux, Donahoe, Everett, \*Flynn, Fournier (*de Lanaudière*), Lang, Langlois, Macquarrie, McIlraith, Molgat, Molson, Murray, \*Perrault, Smith (*Queens-Shelburne*), and Stanbury. (19)

\* Ex officio members.

### COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

The Honourable Senators Argue, Barrow, Beaubien, Bélisle, Benidickson, Choquette, \*Flynn, Graham, Guay, Laird, Leblanc, Marchand, McDonald, McElman, Molson, Murray, Olson, \*Perrault, Petten, Quart, Roblin and Smith (*Queens-Shelburne*). (20)

\* Ex officio members.

### SENATE COMMITTEE ON FOREIGN AFFAIRS

The Honourable Senators Bird, Bosa \*Flynn, Frith, Graham, Hastings, Lafond, Lamontagne, Lang, Lapointe, Macquarrie, McDonald, McElman, Muir, Murray, Neiman, \*Perrault, Rizzuto, Tremblay, van Roggen, Walker and Yuzyk. (20)

\* Ex officio members.

### SENATE COMMITTEE ON NATIONAL FINANCE

The Honourable Senators Austin, Balfour, Barrow, Benidickson, Charbonneau, Davey, Desruisseaux, Doody,



Everett, \*Flynn, Godfrey, Hicks, Manning, Murray, Nurgitz, \*Perrault, Phillips, Riel, Robichaud, Roblin, Sparrow and Steuart. (20)

\* Ex officio members.

#### SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS

The Honourable Senators Bell, Charbonneau, Davey, Denis, \*Flynn, Graham, Haidasz, Langlois, Lucier, Marchand, Marshall, McElman, Molgat, Muir, \*Perrault, Riley, Roblin, Rowe, Sherwood, Smith (*Colchester*), Wood and Yuzyk. (20)

\* Ex officio members.

#### SENATE COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

The Honourable Senators Buckwold, Croll, Deschatelets, Donahoe, \*Flynn, Frith, Goldenberg, Hayden, Langlois, Lapointe, Lewis, Macquarrie, Marchand, Neiman, Nurgitz, \*Perrault, Robichaud, Smith (*Colchester*), Stanbury, Tremblay, Walker and Yuzyk. (20)

\* Ex officio members.

#### SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Senators Austin, Balfour, Barrow, Beaubien, Buckwold, Charbonneau, Connolly, Cook, Desruisseaux, \*Flynn, Hayden, Hays, Lafond, Laird, Lang, Manning, McIlraith, Molson, \*Perrault, Roblin, Smith (*Colchester*), and Walker. (20)

\* Ex officio members.

#### SENATE COMMITTEE ON HEALTH, WELFARE AND SCIENCE

The Honourable Senators Adams, Bélisle, Bielish, Bird, Bonnell, Cottreau, Croll, Donahoe, \*Flynn, Giguère, Haidasz, Inman, Lucier, Marshall, McGrand, \*Perrault, Phillips, Quart, Rousseau, Thériault, Thompson and Tremblay. (20)

\* Ex officio members.

#### SENATE COMMITTEE ON AGRICULTURE

The Honourable Senators Anderson, Argue, Balfour, Bielish, \*Flynn, Fournier (*Madawaska-Restigouche*), Fournier (*Restigouche-Gloucester*), Hays, Inman, Marshall, McGrand, Molgat, Norrie, \*Perrault, Riel, Sherwood, Sparrow, Steuart, Thompson, Williams and Yuzyk. (19)

\* Ex officio members.

#### SPECIAL SENATE COMMITTEE ON RETIREMENT AGE POLICIES

The Honourable Senators Adams, Anderson, Bell, Benidickson, Bird, Bosa, Buckwold, Cottreau, Croll, Deschatelets, Eudes, Fournier (*Madawaska-Restigouche*), Fournier (*Restigouche-Gloucester*), Haidasz, Inman, Lucier, Norrie, Phillips, Quart, Rowe, Steuart and Williams. (22)

Respectfully submitted,

John M. Macdonald

*Chairman*

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

**Senator Macdonald:** Honourable senators, I move, seconded by the Honourable Senator Roblin, that this report be placed on the Orders of the Day for consideration at the next sitting of the Senate, and that it be the first order of business on that day.

Motion agreed to.

## QUESTION PERIOD

[English]

### ENERGY

#### PRICE OF DOMESTIC OIL—STATEMENT BY PREMIER OF ALBERTA

**Senator Perrault:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. It is now over 30 hours since Premier Lougheed of Alberta made a speech in Vancouver with respect to oil prices and the availability of Alberta oil to the other provinces of Canada.

I wonder if the minister can tell us whether or not he has had an opportunity as yet to study the text of Mr. Lougheed's speech. Would he tell us whether there have been contacts with Mr. Lougheed's office, or with Mr. Lougheed personally, to discuss the implications of the statements attributed to him?

I would remind the minister that the statement was to the effect that the people of Canada would have to buy oil at a price which Alberta would decide was fair, or not get oil from Alberta.

Perhaps this next question should be asked in a supplementary way, but have the minister and his cabinet colleagues determined to make sure that oil from Alberta will continue to be made available to all Canadians in the foreseeable future? Furthermore, can an assurance be given that oil, wherever it is produced in Canada, shall continue to be available to all members of our confederation?

**Senator de Cotret:** Well, to answer your first question, senator, I have not had the opportunity to read the text of Premier Lougheed's speech. I would therefore prefer to defer

any specific comments I may have on the text of that speech until I have had the opportunity to review it in detail.

**Senator Lamontagne:** A decided lack of communication!

**Senator de Cotret:** I should also like to say that according to some press reports that I have had the opportunity to scan, Premier Lougheed indicated clearly that in no way have the negotiations currently under way between the federal government and the various provincial governments at all reached an impasse. It is still our firm belief that we will be successful in reaching a negotiated agreement on the future course of petroleum prices in this country, and assure thereby the continued supply of petroleum to the Canadian public and also meet our goal of self-sufficiency in energy overall by the year 1990.

**Senator Perrault:** I have a supplementary question—a request for clarification. Would the minister have the Senate understand that after a speech of the kind made yesterday at noon in Vancouver—a speech with possible grave implications for all Canadians—the Government of Canada has yet to secure a copy of the text, or to obtain a text of the relevant sections, of that speech—an address which could have profound and far-reaching effects on Canadians from coast to coast?

Surely some contact has been made with the Government of the Province of Alberta, or at least an effort made, to obtain reassurances or clarifications if there are any misunderstandings. If the minister has not had an opportunity to study the remarks attributed to Premier Lougheed, surely there has been contact of some kind between the Right Honourable the Prime Minister and Mr. Lougheed's office. There are many concerned Canadians from coast to coast who want to be reassured that the government is as concerned about the oil supply and pricing situation as they are.

**Senator de Cotret:** Honourable senators, I am sure that there has been some contact. I do not know whether it has been between the Office of the Prime Minister and the Premier of Alberta or between the federal Minister of Energy, Mines and Resources and the Minister of Energy for Alberta, or exactly at what level the contacts have taken place.

I would like to assure honourable senators that there has been contact between the two levels of government in the continuing dialogue and discussions that we are having in the area of oil and petroleum pricing.

I will endeavour to secure the precise information as to who contacted whom, and who got the first copy of the speech. I assure honourable senators that I shall read the text of that speech with great interest as soon as I am able to obtain a copy.

Obviously, it is a speech that does fall within the area of energy and I should think that the Minister of Energy, Mines and Resources would be the first to turn his attention to the matter. I have not had the opportunity today to do so, but I shall endeavour to do so within the very near future. I am sure the matter is being looked after.

[Senator de Cotret.]

**Senator Olson:** I have a supplementary question for the the minister. It is almost incredible that the government is treating this matter in such a lax manner. It seems to be on everyone's mind except the government's. I would ask the minister whether he can tell us what has been offered by the federal government to the Province of Alberta in the course of these negotiations. I do not expect to be given the precise amount, but has there been a reasonable offer made, because the Premier of Alberta said in Vancouver yesterday that he was not making a threat but a statement of policy of the Government of Alberta.

Presumably Premier Lougheed made that statement on the premise that the offers that had been made by the federal government were completely unacceptable and, in his view at least, unreasonable.

Could we be informed of the present state of negotiations, and whether the federal government is making a reasoned offer to Alberta, or whether the offer is so ridiculous that it has infuriated the provincial premier?

**Senator de Cotret:** I shall not comment on the specifics of the negotiations, nor will I discuss the negotiating stance of the federal government in its dealings with the various provinces on this issue. I can only tell the honourable senator that the negotiating position of the Government of Canada is certainly a most reasonable position, and most certainly it does take at the very heart the interest of Canadians from coast to coast in ensuring our energy future.

**Senator Olson:** I have a further supplementary question for the minister. Is the offer in keeping with the commitment that was made by the federal government and all the other provinces that the price be allowed to move up sufficiently rapidly so that it would narrow the gap between domestic and international prices? Has an offer been made which is sufficient to maintain that commitment?

**Senator de Cotret:** The position on that issue is very clear, honourable senators. We have repeatedly said that we would favour a course of action in this area that would see the price of domestic crude gradually rise toward—not to, but toward—world levels, always maintaining a differential between the domestic price of crude and the price of crude at Chicago, in order to maintain a competitive advantage with our major trading partners.

● (2010)

That remains the position of this government, and suggestions along those lines have been made. I can only concur that there has been no change in our essential position in terms of the basic strategy to be followed in energy pricing in this country, and no change has been made in our commitment to reach a level of self-sufficiency in energy overall by the year 1990.

**Senator Olson:** A final supplementary question, honourable senators: I think there is a problem of semantics here, or perhaps the minister is stepping around the question. He said that it was the government's policy to pursue a course of bringing these domestic prices "toward" international prices, but he did not answer the real heart of that question.



Is the offer enough to narrow the gap, or will it widen it further.

**Senator de Cotret:** Well, once again there is no question that if I felt free to discuss the details of the negotiations, which I do not, I could give you a more precise answer; but in general, if you look at the proposals that have been made over time, they do certainly narrow the gap between the domestic price of crude and the international price of crude.

**Senator Bosa:** I have a supplementary question. While I realize the minister is not in possession of the text of Mr. Loughheed's speech may I ask what contingency plans this government has in the event that Mr. Loughheed decides to accelerate the increase in the price of oil to close to the international level by slowing down the rate of production of this vital commodity?

**Senator de Cotret:** The honourable senator will recognize that this is a totally hypothetical question. The Premier of Alberta indicated that by no means have these negotiations, which have been ongoing now for several weeks, reached an impasse, and I will repeat to this house that we are confident that we will be able to reach a negotiated agreement on the future direction of the price of petroleum products in this country which will be acceptable to the provincial authorities, be they from producing or consuming provinces. I would certainly not speculate on what would happen if such and such a course of action were to be taken by one provincial government or another.

#### POWER OF FEDERAL GOVERNMENT TO REGULATE DOMESTIC OIL PRICE

**Senator Bosa:** A further supplementary question. I would beg to disagree with the minister. This is not a hypothetical question. It is based on a statement made by Mr. Loughheed and reported in the press. My specific question related to a different aspect of the matter. Does this government have the jurisdiction—the constitutional jurisdiction—to intervene in the event of a deliberate slowdown in the rate of production of this vital commodity? Does the government have the jurisdiction to intervene in this area?

**Senator de Cotret:** You are asking me if we have constitutional authority in this matter. I would have to consult with my colleagues to find out whether we have such authority.

**Senator Olson:** The Minister of Justice is right there.

**Senator de Cotret:** I know we are only a day away from October 29, but I do not really think that that kind of doom and gloom scenario is ever going to materialize in this country.

**Senator Molgat:** I should like to put a supplementary question, if I may, to the minister. It is really for the purpose of clarification, because I find it very hard to believe that I understood him properly. Am I correct in my understanding that the Premier of Alberta, whose province is the main supplier of domestic oil in this country, made a major policy statement some 24 hours ago, and that the federal minister specifically responsible for economic matters has not looked at

that statement, has not obtained a copy of that statement, and is not prepared now to make a clear-cut statement on this matter? Is that what the minister is telling us?

● (2015)

**Senator de Cotret:** Absolutely. That is exactly what I am saying.

**Senator Perrault:** That's a shame!

**Senator Bosa:** As a final supplementary, would the minister take my question as notice and respond to it tomorrow if he does not have the answer at this time?

#### PROFITS OF OIL CORPORATIONS AND CHARTERED BANKS

**Senator Perrault:** Honourable senators, I should like to ask a question with respect to oil company profits in the United States. As the minister is aware, the President of the United States, a firm advocate of rugged free enterprise, is proposing a major windfall profit tax on the multi-national oil companies whose profits have soared to record heights in the United States, as they have in Canada. Will the minister tell honourable senators this evening whether the government is anticipating taking extraordinary measures to ascertain that an adequate portion of oil industry profits are invested in oil exploration and recovery; and that inordinate windfall profits are going to be recaptured, at least in part, by the government for the Canadian people.

**Senator Flynn:** What do you know about that?

**Senator de Cotret:** When one looks at the profits that the honourable senator has mentioned, one has also to look at what happens to the profits because, really, it is a mechanism by which savings from the corporate sector are transferred either to individuals or to investment. They are transferred to individuals through dividends, and they are transferred to investment through capital spending.

In the last full year for which information is available, 84 per cent, and I stand to be corrected—

**Senator Olson:** That is what the Prime Minister said.

**Senator de Cotret:** That is right; we speak the same words. Eighty-four per cent of the profits of those corporations was reinvested in Canada for exploration and further development. We are following the situation closely. There is no indication at the moment that there is an excessive dividend outflow from these sources or that the profits are being used for the accumulation of assets outside of energy.

Any major policy decisions that are to be made in this matter will be made in the appropriate manner.

**Senator Perrault:** Can the minister give us assurance that in respect of oil industry profits a careful monitoring procedure is being pursued rigorously to make sure the public interest is being protected?

There is, as the minister is aware, a great and rising concern in this country, not only with respect to the enormous nine-month profit figures of the oil companies—something approaching \$1 billion—but with respect to the soaring profits

of the banks as well at a time when the purchasing power of the average Canadian is plummeting.

**Senator de Cotret:** The answer to that is: Yes, we are monitoring it very actively.

**Senator Olson:** Are you going to do anything about it?

**Senator Flynn:** It is the same system that you put into place.

#### GRANTS AND SPECIAL ALLOWANCES TO OIL CORPORATIONS

**Senator Croll:** Honourable senators, in light of the discussion on profits, I should like to ask a question.

**Senator Flynn:** Discussion or question?

**Senator Croll:** How do you justify paying to these various oil companies the sum of \$450 million by way of grants and special allowances this year?

**Senator de Cotret:** The justification, honourable senator, comes from the utilization that is made of these funds, as the justification for the profits accruing to those companies comes essentially from how those funds are utilized. Let's face it: a dollar is a dollar. It can be used for various purposes. If it is used for a purpose that advances the public policy cause of this country and the economic well-being of the citizens of this country, we will stand firmly behind that kind of program.

**Senator Croll:** It is not one of your better answers.

#### FOREIGN AFFAIRS

##### LOCATION OF CANADIAN EMBASSY IN ISRAEL—RELATIONS BETWEEN CANADA AND ISRAEL

**Senator Buckwold:** Honourable senators, I have a question for the minister answering for foreign affairs. I have heard and read the report by Mr. Stanfield and the recommendations he made on the proposed move of the Canadian embassy in Israel from Tel Aviv to Jerusalem.

● (2020)

In view of the fact that, during his Middle East tour, Mr. Stanfield met with PLO leaders, and that the Prime Minister's recent statement regarding Jerusalem has met with positive, and indeed enthusiastic, response by the PLO, does the minister think that we will be able to maintain our good and friendly relations with the State of Israel, or does this indicate any change in Canadian policy vis-à-vis the State of Israel?

[Translation]

**Senator Asselin:** Honourable senators, I think every senator read the Prime Minister's statement following the interim report, tabled in the House of Commons, on the mission undertaken by the Honourable Robert Stanfield on behalf of the government. The Prime Minister very clearly stated and repeated that Mr. Stanfield was to collect all the data, all the information he would deem useful. And the visit he made with the Palestine Liberation Organization, as he very clearly stated, is in no way an official recognition by Canada of that movement. All Mr. Stanfield recommended, and I myself am

[Senator Perrault.]

now reading the report because I am back from travel, is that the Canadian Embassy should not be moved. The government accepted Mr. Stanfield's views, and quite simply decided not to proceed with the move.

[English]

**Senator Buckwold:** I do not think that that is a response to the question. I agree that the response was quite proper, but it did not get to the major question I asked, which is the assurance of the government that those good and friendly relations, which have been so important to the State of Israel, will continue to be maintained. I hope the answer has not been evaded because of any negative thinking in this regard.

[Translation]

**Senator Asselin:** Honourable senators, I can make no predictions to the honourable senator as to what will happen to our relations with certain countries visited by Mr. Stanfield. One thing is certain, the Canadian government reached a decision. That decision was announced. My honourable friend's party attacked us for not reaching a decision. When we make no decision we are attacked, and when we make decisions, we are still attacked. This time we reached a decision, it was announced by the Prime Minister, and the honourable senators are aware of its contents. I have nothing to add at this point.

[English]

##### POSSIBILITY OF ESTABLISHING CONSULATE IN WEST JERUSALEM

**Senator Haidasz:** Honourable senators, I should like to ask a question of the Minister of State who answers for foreign affairs in the Senate. In view of the appeasement, indeed surrender, of the government to the demands of the Arab states and the PLO by abandoning the movement of the Canadian embassy from Tel Aviv to Jerusalem, would the minister inform this chamber whether the federal government will have at least the courtesy, if not the courage, to establish a consulate in West Jerusalem?

[Translation]

**Senator Asselin:** Honourable senators, obviously I am not the one who will decide. I will take that question as notice. I will consult the Secretary of State for External Affairs and try to give you an answer.

**Senator Molgat:** If I may, I have a supplementary for the honourable minister. He said in his answer that this was a preliminary report. Could he tell us what other measures Mr. Stanfield is going to take? Is he going to make other visits? What has he left to do now that the government has made a decision? Why a preliminary report, what can we expect and when can we expect a final report?

**Senator Asselin:** Mr. Stanfield received a clear and specific mandate from the government. I think the terms of that mandate are known to honourable senators. Mr. Stanfield did not want this issue to suffer further delays and neither did the government.



We asked Mr. Stanfield to make a preliminary report on his views about this important issue and in light of this important matter we made a decision you are aware of. Under his mandate, of course, Mr. Stanfield will have to make a more complete report. He did not tell me, but I read that his report would be ready within a few months.

**Senator Molgat:** Would the honourable minister tell us if this report will imply other visits, if there are any other countries to visit and other people to consult? Who has not been seen yet? Is he satisfied that all measures were taken. Has the government made a decision? It is difficult to understand that we need something else now. Would the minister tell us what else Mr. Stanfield is going to do?

**Senator Asselin:** Honourable senators, I think that Mr. Stanfield is a responsible man and according to his mandate he can make all the decisions that the government would like him to make. If you require more information you might get them directly from Mr. Stanfield.

**Senator Molgat:** I thought that the minister was answering here on behalf of the government. Did Mr. Stanfield not receive a mandate from the government?

**Senator Asselin:** I answer on behalf of the government, but Mr. Stanfield is not a member of the government.

[English]

## INTERNATIONAL TRADE

### CANADIAN CONTRACTS WITH ARAB COUNTRIES

**Senator Perrault:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. In the wake of what can only be described as the abortive Jerusalem embassy debacle, can the minister tell us whether any contacts have been made with Arab countries in order to rescue Canadian orders lost or placed in jeopardy during this Conservative policy disaster—a disaster, Mr. Minister, which I think even the government must admit has alienated our good friends both in Israel and in other friendly states in the Middle East?

**Senator de Cotret:** Well, I have a lot of difficulty in answering that question. First, I do not recognize that it was a disaster; second, I do not recognize that we have alienated everybody around, including our friends in Israel and our friends in the Arab world.

I am not willing to agree that we have a whole series of contracts out there that are in jeopardy—

**Senator Olson:** We will send you a list, if you like.

**Senator de Cotret:** Please do. Make sure that they are not contracts that were lost on a purely commercial basis, though. Make sure that they were contracts that were put in question directly because of this policy.

We have answered this question. In total, there is less than \$5 million in contracts that can be attributed—

**Senator Olson:** Oh, oh.

**Senator de Cotret:** —that can be directly attributed to moves made during this period. A disaster? I do not think so. I can cite contracts that were signed during this period. I do not think we have to move to reassure. We do not have to move to rescue. We have set the record clear. We have carried out the mandate we said we would carry out in this matter. The record is clear now. Our commercial interests in the Middle East can pursue their normal course, and I would certainly expect them to flourish in the months to come.

**Senator Perrault:** I would appreciate a further clarification from the honourable minister. The minister states that the approximate loss is something like \$4 million.

**Senator de Cotret:** I said \$5 million. I will not quibble.

**Senator Perrault:** Is that the exact total estimated amount of money involved in lost contracts during the period between May 22 and the present time? When the minister talks about his version of a “disaster,” one almost believes that he would have described the collision of the *Titanic* with the iceberg merely as a stop to take on ice.

● (2030)

**Senator Denis:** May I ask a supplementary question of the minister? I was told that a minister stated, when speaking on this matter regarding the movement of the Canadian embassy to Jerusalem, that all Arab countries barked but did not bite. I should like to know if that statement is true, and if it is, which minister said that?

[Translation]

**Senator Asselin:** Listen, why do you ask the question in English? You are entitled to do so, but I did not quite understand. One thing is certain, I have never spoken the words you mentioned.

[English]

**Senator Perrault:** The estimate given was \$5 million, yet I have in my hand a newspaper article which states:

A British Columbia steel fabricating firm says it has lost two contracts in Arab countries worth \$43 million as a result of Prime Minister Joe Clark's proposal to move the Canadian embassy in Israel from Tel Aviv to Jerusalem.

The articles continues:

Julius Bekei, President of Zenith Steel Fabricators Ltd. of Richmond, harshly criticized the government's false-start policy on the issue, which he directly blamed for the loss of the two contracts.

Mr. Minister, the question I put to you is: Have you studied these allegations made by the President of Zenith Steel Fabricators, Mr. Julius Bekei? He has set forth certain serious charges in substantial and apparently exact detail. Does the minister accept the validity of Mr. Bekei's statements or does he deny the validity of those statements?

**Senator de Cotret:** Honourable senators, I neither accept nor deny their validity. I am well aware of that report. I had occasion to read the media comments on it. I can only assure

Senator Perrault: that I have instructed my officials to carry out a thorough investigation of the allegations contained in the media reports that were brought to my attention.

**Senator Perrault:** Is the minister, then, prepared to revise upward his estimate of the dollar loss to Canada if Mr. Bekei's allegations can be proven to be accurate?

**Senator de Cotret:** No, not in any way. I would certainly say that this government stands ready to look very seriously at any such allegations made that concern the policy of the government of this country. I think that is a responsible course of action, and it is the course of action we are pursuing. As soon as that review is conducted, I would be happy to inform the Senate of the exact status of the question.

**Senator Olson:** May I ask a final supplementary question?

**Senator Flynn:** Is that a promise?

**Senator Olson:** Is the \$5 million in lost sales all that the government will acknowledge as being the cost of this fiasco?

**Senator de Cotret:** First of all, I should like to underline—

**Senator Olson:** That is what you said a few minutes ago.

**Senator de Cotret:** I would like to underline that.

**Senator Olson:** You said \$5 million.

**Senator de Cotret:** If I recall it, I said up to \$5 million. The precise figure given by the Minister of State for International Trade was \$4.2 or \$4.5 million. I said no more than \$5 million.

**Senator Olson:** Go all the way up to \$5 million.

**Senator de Cotret:** That is the best estimate, to our knowledge, at the moment. That is all that we are aware of.

[Translation]

## FOREIGN AFFAIRS

### COST OF STANFIELD MISSION

**Senator Guay:** A supplementary to the minister, honourable senators. I would like to know whether your government paid Mr. Stanfield a special allowance for this trip. Also, do you know how much money the government allocated for this study? If so, can you tell the Senate how many people worked for him? How many travelled with him? What expenses has he incurred thus far? If you cannot answer immediately, perhaps you can give us this information tomorrow.

**Senator Asselin:** Is the question addressed to me?

**Senator Guay:** Yes.

**Senator Asselin:** Fine. I think that the *Public Accounts* will give that information. My honourable friend has much experience in this house and he knows that the *Public Accounts* will reveal the amount spent by the Stanfield mission. As for the other—

[English]

**Senator Olson:** We want to know the costs of these mistakes now, not next year.

**Senator Asselin:** Have you got a question?

[Senator de Cotret.]

**Senator Olson:** We would like to know the costs of these mistakes now, not next year.

**Senator Asselin:** When the mission is finished, you will know.

**Senator Denis:** Speak French.

**Senator Asselin:** I think I am going to accept that suggestion. It is a good one. It is the best suggestion you have made in a long time.

**Senator Flynn:** And will be for a long time to come.

**Senator Asselin:** When the mission is finished, we will be in a position to inform the house as to the amount spent on the Stanfield mission.

**Senator Muir:** How much is being spent on Mirabel a week? Answer that one, Bud.

[Translation]

**Senator Guay:** Honourable senator, in reply to my question you said, "You are experienced, you know what it is about." You told me that when you answered me. I would like to say that in my time we were able to know beforehand, before those things happened how much we were going to spend. I thought that perhaps you might know what is happening a little ahead of time. You are certainly not going to set up a commission or a mission like that without knowing what you are getting into. There must have been some understanding.

I asked you a very simple question, and I hoped to get an answer from Senator de Cotret more particularly, but seeing that you might answer my question, I thought you might also be able to do so and if you did not know yourself—because perhaps you did not attend the particular meeting at which this was discussed in cabinet—perhaps you might be able to get the answer tomorrow and give us an indication of the cost to date or what you anticipate the total cost to be. It seems to me you should know what a thing like that will cost before you start.

**Senator Asselin:** One thing is for sure, the honourable senator is certainly not going to find out from us, members of the government, what is going to be the cost of a mission that is not yet over.

**Senator Guay:** You do not know?

**Senator Asselin:** I say the mission is not yet over. I will inquire. I can get you the information about the number of people accompanying Mr. Stanfield. I can certainly find out that information.

Do you have other questions in this regard? What countries did he visit, is that it?

**Senator Guay:** Will you be able to give us the answer later, tomorrow, or the day after tomorrow?

**Senator Asselin:** Yes, that is what I will do. But do not expect a full estimate of the expenses immediately. I think it will be wiser for us to tell you when the mission is over.

● (2040)

**Senator Guay:** Perhaps you might answer my first question. Are you in a position, as a member of government, to tell me



what was the cost or the amount of money you then allocated to Mr. Stanfield to make that investigation. That is my question.

**Senator Asselin:** No government has ever said to an ambassador who is on a special mission, "You should not go over such and such an amount." I think your government never did either. They could not do it. Do not give me an example, there are none. One thing for sure, we trusted Mr. Stanfield on that. He is not a man to throw the money of the people of this country out of the window.

**Senator Marchand:** I would like to put a question to the Leader of the Government. I understand the government made a decision about Tel Aviv on a preliminary report by Mr. Stanfield that I believe to have been made in good faith. As it is a preliminary report, of course, I presume there is going to be a full report some time in the future. Would we have reasons to believe or would you have reasons to believe that when you have the full report, the decision might be changed one way or another?

**Senator Flynn:** Of course, the decision about the preliminary report is only part of the problem which is, of course, not to move our embassy to Jerusalem. But the rest of the report might contain recommendations dealing with some effects or guidelines that should be considered then.

Mr. Stanfield is pursuing his assessment of the situation. He is meeting with the premiers about this matter. He might report on some problems that have been raised in the press and elsewhere and that our learned friends may be tempted to overemphasize. They are pleased that the problem is more serious than not. They want it to be a big disaster rather than a minor one. Of course, Mr. Stanfield may be able to dispel the fears and the misinterpretations of the other side. However, as an essential part of his mission, he recommended and the government agreed that the decision concerning the move to Jerusalem be rescinded.

**Senator Marchand:** I am to understand then that on the question of moving the embassy, the report is final, and if it is preliminary, it is on other matters that will be reviewed later?

**Senator Flynn:** Exactly.

[English]

## INTERNATIONAL TRADE

### AGREEMENT TO PURCHASE OIL FROM MEXICO

[Translation]

**Senator Lamontagne:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce.

In view of the urgent need to stabilize and diversify our oil imports and increase our exports generally, could the minister indicate what negotiations have been held with Mexico since

last May in order to implement the agreements signed by the previous government and Petro-Canada and involving billions of dollars of trade between the two countries?

**Senator de Cotret:** Honourable senators, I could answer that the agreement between Mexico and Canada is in the nature of an agreement on economic development. There is also the agreement on our energy transactions which was to be ratified during a visit by the President of Mexico which was scheduled, I believe, for this October. At the request of the Mexican government, the visit was postponed until next spring.

It is always our intention, of course, to implement the two agreements entered into earlier this year during President Tortillo's visit early in 1980.

On the matter of our interest in furthering our discussions with the Government of Mexico and in encouraging our Canadian entrepreneurs to develop some interest in exports with the Mexican government, we are now considering a ministerial mission, accompanied mainly by a business mission that will travel to Mexico in the coming months in order to stress once more this government's concern for economic development in Mexico, with all the potential opportunities, of course, for Canadian business.

**Senator Lamontagne:** I have a supplementary, because I must conclude from the minister's answer that there has been no real negotiations since last May. Could the minister confirm the report in today's issue of *Le Devoir*, according to which, and I quote:

The Canadian ambassador in Mexico suggests negotiations could resume very soon—

which clearly implies in my view that under this government there has been no negotiations since last May. Will the minister and the government wait until it is too late once more, until the Japanese, the Germans, the French, the Americans and other nations have completed their most significant penetration of the Mexican market, before they decide to take action?

In view of the promise to dismember Petro-Canada, is the government preparing a new Jerusalem or a new Candu in Argentina?

**Senator de Cotret:** Honourable senators, I must first of all tell the honourable senator that the agreement negotiated by the previous government had been negotiated and signed *ad referendum* by the two prime ministers in March of last year. If there were any deficiencies in this agreement, they were certainly not introduced by this government.

As for the negotiations, since the agreement has already been negotiated, what would you want us to negotiate now? Hold discussions to sign the agreement? This cannot be. The agreement was signed and ratified *ad referendum* in March of this year. The negotiations were completed at that time.

**Senator Lamontagne:** Indeed not, why?

**Senator de Cotret:** One moment, I am not finished.

Since that time, I have emphasized many times for the media and in interviews the importance that I personally

attach and that the new government attaches to an increased economic cooperation between Mexico and Canada.

I have met on at least two, perhaps three occasions with the Mexican ambassador in Canada to organize a ministerial and business mission which would provide Canada with a serious opportunity to express in concrete terms its interest in developing closer economic relations with Mexico. Moreover, this would not mean a two or three-day trip, but an extended trip, so that Canadian businessmen may truly understand the economic challenges that Mexico will face in the next 10 years.

I still maintain that this is one of our most promising markets, and one that we should certainly develop.

These negotiations, since this is what you call them, these discussions were held during the summer and the fall. As concerns our negotiations and our agreements with Mexico, I believe that we have very good relations with that country at this time. I can assure the honourable senators that we fully intend to follow up in the coming months on the action taken last summer and earlier this fall.

**Senator Lamontagne:** Why is it that our ambassador to Mexico complains that the agreements entered into have not yet been made fully operative?

**Senator Asselin:** When did he complain about this?

**Senator Lamontagne:** Why is it that the oil import agreements have not yet been made effective and have not yet been signed at the ministerial level?

**Senator de Cotret:** I shall reply simply that, under the agreements entered into by the then Canadian government and the Mexican government, the treaties were to be signed during the visit of the Mexican president to Canada in October of this year. At the request of the Mexican authorities, this visit has now been postponed. I do not believe that this should cause any serious problem.

The agreements have been negotiated. What do you want? Are the agreements so bad that they should be renegotiated? If this is the problem, I have certainly not been told about it.

**Senator Lamontagne:** I have a last supplementary.

Since this agreement on energy negotiated by the former government with Mexico has awaited the signature of the ministers since May, can the minister tell us whether he is aware of the fact that Mr. Bernard Cloutier, president of SOQIP, the Société québécoise d'initiatives pétrolières, has already initiated talks with PEMEX, the Mexican oil corporation, with a view to importing Mexican oil into Quebec and replacing Petro-Canada?

**Senator de Cotret:** Now, listen: that type of business, that is initiating talks of that type means nothing. I can pick up the telephone tomorrow morning and initiate talks with any country in the world.

So, when SOQIP can tell me they have made a deal with the Mexicans, of some substance, that the Mexicans are even willing to discuss it, then I shall be able to answer your question. Initiating talks, that is easy to do: all it takes is a phone call.

[Senator de Cotret.]

**Senator Lamontagne:** Since the minister is not aware of it, I must inform him that Mr. Cloutier went to Mexico and met PEMEX officials.

**Senator Asselin:** If you know, then why ask the question?

**Senator Lamontagne:** Because I want to hear it from the mouth of the minister, since we are supposed to have access to information in this chamber.

**Senator de Cotret:** You have no information to lead us to believe that an agreement between SOQIP and PEMEX has been reached to the detriment of the one that has already been signed.

I do not know exactly what you want to prove by your line of questioning. There is nothing in it. Talking to the Mexicans is no big deal. I can talk to the Mexicans. I can talk to anyone in the world. But to conclude an agreement which will become an economic reality in the future, that is something else again.

The government of your party negotiated during 14 months the agreements that are to be ratified by the Prime Minister of Canada and the President of Mexico. Now you are telling us about the visit to Mexico of a representative of SOQIP who claims to have reached an agreement that can interfere with the one that was negotiated previously.

**Senator Lamontagne:** I did not say there was an agreement. I said Mr. Cloutier had initiated talks, which is not to reach an agreement. In any event, I must conclude there have been no negotiations since May.

**Senator de Cotret:** Once again, there have been no negotiations. The agreement was negotiated, and we are waiting for the President of Mexico to visit Canada and rectify it conclusively. So, I see no problem.

• (2050)

[English]

## AGRICULTURE

### CHICKEN IMPORT QUOTAS

**Senator Argue:** Honourable senators, on Thursday last I asked a question as to the undesirability of granting import quotas on chicken on the basis of importers of record as this would seem to give the largest part of the quota to two large importers.

The Minister of Industry, Trade and Commerce in reply to that question, as reported, at page 188 of *Hansard*, said in part:

In terms of the question raised by the honourable senator today, there has been no hard-and-fast decision made by my department in terms of the allocation of the import permits.

I have in my hand a publication headed: "Notice to Importers: Export and Import Permits Act," and dated October 19, 1979. This is what it says in part:

#### Quota Allocation

Individual entitlements have been established on the basis of import performance during the years 1976



through 1978. A separate notification contains individual importers' entitlements for the period October 22, 1979 to December 31, 1979 and for the calendar year 1980.

I would ask the minister how he can explain the answer he gave—that the matter of allocation of import permits was still being discussed and that, in fact, he had discussed it at a breakfast meeting—when this publication, which, I take it, is a directive under the Export and Import Permits Act, says that notification containing individual importers' entitlements has already been sent out?

The chicken producers are, of course, greatly disturbed. This is a legitimate question and I hope that somehow he is able to stick by his first answer as opposed to what appears to be, in black and white, a complete contradiction of what he has told the Senate.

**Senator de Cotret:** Well, I am quite disturbed, to be very honest with you, to learn that. I can assure the honourable senator that I was in no way attempting to mislead colleagues in this chamber. It was my understanding that the matter was still under active discussion. I referred to a breakfast meeting at that point in which I had with my senior officials discussed that very matter. The fact that there has apparently been a publication to the effect that import quotas have been allocated, according to a basis that I had not understood or agreed to, is certainly something I will look into and I will be happy to report back on it to this chamber.

In this case on that morning, or the morning before, I had been specifically discussing that very issue, so this is certainly something that disturbs me and I will look into it. I would like to assure honourable senators that I was not in any way attempting to mislead this chamber.

**Senator Argue:** I appreciate the minister's answer. I wonder if in making his reply he could supply the members of this chamber with the particular notification, if one exists, that is referred to in this publication so that we can see for ourselves in black and white how it is intended that these quotas be allocated, if in fact that is the case. If it is an error, can we be informed of that as well?

**Senator de Cotret:** With respect to your question, senator, certainly I will provide all of the information to honourable senators. I believe you mentioned the date of October 19 when you quoted the publication.

**Senator Argue:** Yes.

**Senator de Cotret:** I will have to verify the actual publication. It seems to me to be somewhat strange, because the cabinet decision on this matter was close to the 19th. I would not say it was after the 19th, but it was very close to the 19th. It is surprising the speed with which some of these documents appear. But I will certainly look into that and provide all of the information.

#### CANADA-UNITED STATES AGREEMENT ON IMPORTATION OF CHICKEN—CANADIAN NEGOTIATING TEAM

**Senator Argue:** I wonder if I might ask another question in the field of agriculture. In the negotiations that took place

between Canada and the United States leading to the import agreement, was Canada's negotiating team led by the Canadian Minister of Agriculture or was this delicate and important negotiation left to officials only?

**Senator de Cotret:** In terms of that question, senator, it is my understanding that the negotiations were led by officials, but I stand to be corrected on that. I will ascertain from my colleague the Minister of Agriculture whether he was involved directly or personally in the negotiations. I am sure, though, that the negotiating team was operating under the close supervision of the Minister of Agriculture throughout the negotiations.

## FOREIGN AFFAIRS

### CANADIAN STAFF AT UNITED NATIONS HEADQUARTERS

**Senator Muir:** Honourable senators, I should like to pose a question to the minister who replies in this chamber for foreign affairs. I apologize, for not giving him notice, but I should like to know if he is aware that Canada has a restraint program at the United Nations causing great problems in that area to dedicated people from External Affairs who have to try to be in several committees at the same time. Before the honourable senators across the way laugh with glee, I should point out that that has been going on for some years.

I should like to ask the honourable gentleman if he would check with the cabinet to find out why we have a "Mickey Mouse" operation at the United Nations.

We are proud of Canada. Canada, the nation as it is, is looked up to by many countries at the United Nations, but, if we are not able to carry out our duties as we should because we have not the staff there, we will go down in the eyes of the other countries of the world.

### SPEECH OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS AT UNITED NATIONS

**Senator Muir:** May I ask the minister who replies in the Senate for foreign affairs if he is aware of the quality of the presentation at the United Nations by the Secretary of State for External Affairs?

From my discussions with the delegates at the United Nations, I am advised that our Secretary of State for External Affairs made a fantastic, an excellent, presentation—

**Senator Perrault:** No commercials!

**Senator Muir:** —at the United Nations.

**Senator Perrault:** Speech! Question!

**Senator Muir:** I will make my speech and I will pick you up when the time comes.

**Senator Asselin:** Honourable senator, I am ready to answer your second question. Yes, the Secretary of State for External Affairs has made a great contribution on behalf of Canada. My answer is, "Yes!"

With regard to his first question, I shall provide the answer later.

#### PRESENCE OF CBC REPORTER AT UNITED NATIONS

**Senator Muir:** I have a supplementary question for the honourable the minister. Why in the hell does the CBC—

**Some Hon. Senators:** Oh, oh!

**Senator Muir:** —not have a representative in New York, the financial centre of the world and the site of the United Nations? The CBC does not have anyone reporting from the United Nations on what is happening with respect to the Canadian delegation or other delegations. Would the honourable the minister be good enough to bring that matter before the cabinet and eventually the President of the CBC?

I recall that at one time we had Stanley Burke at the United Nations who sent back reports to Canada. However, Canada is now forgotten, and I would like to know why the CBC does not have a representative in New York.

**Senator Buckwold:** I would like to include the Senate in that.

**Senator Muir:** Yes, that is right. I have been there on several occasions, and have felt dismayed and upset at what is happening with regard to the Canadian mission at the United Nations. It comprises dedicated, earnest people who are trying to do a good job; yet they are not being allowed to do so because they have neither the staff nor the finance.

[Translation]

**Senator Asselin:** I will call the attention of the Secretary of State to that important issue and I will report back to the Senate.

● (2100)

[English]

#### THE ECONOMY

STATEMENT BY THE HONOURABLE ALVIN HAMILTON, P.C.

**Senator Perrault:** I direct a question to the Leader of the Government in the Senate. One of Canada's respected Conservative members of the Privy Council is the Honourable Alvin Hamilton who the other day called the central bank's high interest and tight money policy dubious. He complained:

There is no concrete proof that it is working.

That seems to be at odds with the fervour that passeth all understanding by which members of the present government defend high interest rates. Is there some way that the honourable the Leader of the Government can resolve this confusion in Conservative thinking?

**Senator Flynn:** I believe I have already said that Mr. Hamilton was speaking for himself. The committee in the other place, which is inquiring into the policy of the Bank of Canada on interest rates may come up with a solution. Possibly it could adopt some of the points mentioned by Mr. Hamilton, but in the meantime that gentleman is speaking for himself, and there is nothing wrong with that.

[Senator Asselin.]

In our party we do not muzzle our members as the party opposite used to do. It is most interesting to see that they are now unmuzzled.

#### FREEDOM OF INFORMATION

GOVERNMENT POLICY IN ADVANCE OF ENACTMENT OF LEGISLATION

**Senator Godfrey:** I should like to ask of the Leader of the Government in the Senate the same question that I asked the Deputy Leader of the Government last Thursday. The Leader of the Government, in his capacity as Minister of Justice, is better equipped to answer the question. The Freedom of Information Bill that was tabled last Wednesday, even with the support of all parties, will not become law for at least six months.

Last Thursday, Governor Bouey, when appearing before the Finance Committee of the House of Commons, refused to answer a question which he would be required to answer had the Freedom of Information Act become law.

**Some Hon. Senators:** Order.

**Senator Godfrey:** I will repeat the question that I asked last Thursday. What steps is the government going to take between now and the enactment of the Freedom of Information Bill to make sure that government and crown corporation officials will obey the spirit and general principles of the proposed legislation and answer questions such as were asked of Governor Bouey last Thursday?

**Senator Flynn:** Some guidelines have been considered at this time that would normally follow the adoption of the legislation, but which may be put into effect right away.

I do not know whether the governor himself would like to table all the information he has. He may have some hesitancy in doing so. It all depends on whether the information would be harmful to our relations with the United States. That is one of the exemptions under the proposed legislation. The guidelines will probably clarify the situation in due course.

**Senator Godfrey:** Has the government any plans for enforcing those guidelines pending the coming into effect of the Freedom of Information Act?

**Senator Flynn:** If the government imposes guidelines, it will see to it that they are enforced.

#### THE PUBLIC SERVICE

STATEMENTS BY SENIOR OFFICIALS

**Senator Roblin:** Honourable senators, I wish to refer to a matter that was raised by Senator McElman a few days ago, and which was left in a rather inconclusive state after he and I had discussed the matter.

It concerns a statement that he had heard on the radio, thought to have been made by Mr. Massé, the Clerk of the Privy Council, which dealt with the question of ministerial responsibility.



Since the interchange between myself and the honourable senator took place, I have had an opportunity to secure a copy of exactly what was said. In order to settle the point at issue, perhaps it would be best if I read the relevant portion. It is part of a program over CJOH called "The House on the Hill" that was broadcast on October 21 last at 6.30 p.m. Mr. Massé said as follows:

Deputy ministers are presently in a position and should be put in a position in the future also, where they are responsible for the management of their departments. What they cannot be held responsible for is for the choice of policies, because these are decided by ministers and ministers are the only people who can defend these policies in Parliament. However, once the policies have been decided upon, these policies translate themselves into programs and activities. The management of these programs and activities is done under the supervision of the deputy minister and in this sense, I believe the deputy minister should be able to justify, in front of parliamentary committees, how he is running the programs that he is accountable for.

I am sure that honourable senators will recognize that it is a pretty accurate description of what actually takes place at present before a good many Senate committees. It does not, in my opinion, represent any modification of the principle of ministerial responsibility, but is a plain common-sense straightforward description of what often happens in the committees of this house, and I am sure happens also in committees of the other house.

It is well to ventilate the point, and neither Senator McElman nor I should be disturbed that the traditions respecting ministerial responsibility are being affected.

## YUKON TERRITORY

### GOVERNMENT POLICY ON RESPONSIBLE GOVERNMENT

**Senator Flynn:** Honourable senators, I have some replies to questions asked previously.

On Tuesday, October 16, Senator Lucier asked a question regarding the granting of responsible government to the Yukon. In reply I have sought a complete legal opinion from my officials.

On a policy matter, the Prime Minister has said repeatedly that if the people, subsequent to full consultations, demonstrate in a referendum their wish to gain full provincial status, and if the provinces agree, then, subject to legislation being passed by the Parliament of Canada, the Yukon would become a full province.

If provincial status were to be rejected in a referendum, the duly elected Legislative Assembly of the Yukon would continue to exist and, so far as the Government of Canada is concerned, the leader of the governing party in that assembly could continue to call himself "Premier."

I might point out for the senator's benefit that the legislative authority for the establishment of new provinces lies exclusive-

ly with the Parliament of Canada by virtue of the B.N.A. Act of 1871. This authority is referred to in later acts creating the provinces of Alberta and Saskatchewan, at which time the concurrence of existing provinces was not required.

## TRANSPORT

### AIRPORT MAINTENANCE

**Senator Flynn:** Last Wednesday, Senator Norrie asked a question which was very similar to a motion under Standing Order 43 moved earlier in the Commons.

● (2110)

The minister has informed me that every effort is being made to optimize resource utilization. At the same time, there is no intention of reducing the level of safety or service of runway snow removal operations.

Of particular interest to the senator will be the fact that it is expected that for this year near-equivalent service will be maintained in the Atlantic region over the winter.

The staff resource allocated to snow removal maintenance is similar to last year. It is anticipated that the provision of a satisfactory level of service will not be prejudiced.

## INDIAN AFFAIRS

### JURISDICTION ON CRIMINAL MATTERS

**Senator Flynn:** Senator Williams asked a question with regard to the very sad incident at Caughnawauqua.

The Minister of Indian and Northern Affairs is most concerned that the situation described yesterday by Senator Williams be fully investigated. To that end, a very prestigious coroner, Mr. Cyril Delage, has been appointed. A thorough investigation is also under way by the regional director general of the department. It is my understanding that the Quebec Provincial Police are investigating as well.

The minister committed himself in the Commons last week to personally visit the reserve. He did so yesterday, and to my knowledge discussed this and many other substantive issues with the chief.

## EMPLOYMENT AND IMMIGRATION

### REFUGEES FROM INDOCHINA—TEXT OF REPLY PRINTED AS AN APPENDIX

**Senator Flynn:** I also have replies to some of the questions posed by Senator Barrow on October 17, 1979, but as these are rather lengthy I would ask that they be either printed in *Hansard* or tabled, depending on the request.

**The Hon. the Speaker:** It is not clear to the Chair what procedure the Senate wishes in respect of this document. Is it to be tabled, or printed as an appendix to the *Debates of the Senate*?

**Senator Flynn:** I was asking what the wishes of the Senate or Senator Barrow are.

**Senator Barrow:** I prefer that it be printed as an appendix.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(For text of reply, see Appendix "A").

## FEDERAL-PROVINCIAL RELATIONS

### OFFSHORE RESOURCES

**Senator de Cotret:** I have a response here to a question by Senator Thériault dealing with the government's position respecting jurisdiction over fisheries.

I would like to state that the offshore mineral resource issue and the fisheries issue are quite separate matters. This government is well aware of the fact that the fisheries resource has important economic and social implications for Canada's coastal provinces and that the resource should be managed with a meaningful input from the province.

Given this, however, the position of the federal government has not changed in terms of jurisdictional power or constitutional responsibility. It is the government's view that there must be a strong federal presence in order to provide effective management of the Canadian fisheries due to the interprovincial and international factors involved. We are intending to introduce changes to the existing legislation which would provide for the delegation of federal responsibilities to the provinces when it is apparent that there are programs which can be better managed at the provincial level.

The interest by the government in the fisheries has in no way diminished. On the contrary, we consider the economic development growth potential a priority. We intend, however, to place an emphasis on consultation and co-operation rather than confrontation. We believe this can be accomplished within the existing jurisdictional framework.

## INTERNATIONAL TRADE

### LOSS OF SALE OF WHEAT TO RUSSIA

**Senator de Cotret:** In answer to Senator Hays on the sale of wheat to Russia, I have the following reply.

On October 3 the U.S.A. announced that they would allow the U.S.S.R. to purchase up to 25 million tonnes of U.S.A. grain in the October 1, 1979-September 30, 1980, period without prior consultation with the U.S. government. As of October 15 the International Wheat Council estimated the U.S.S.R. had in fact purchased 8.10 million tonnes of U.S.A. grain of which 3.5 million tonnes were wheat and 4.60 million tonnes corn. The U.S.S.R. continues to make purchases from various sources and it is expected that in the 12-month period ending September 30, 1980, U.S.S.R. purchases of grain from the U.S.A. will total 25 million tonnes. This compares with 14.8 million tonnes in 1977-78 and 15.60 million tonnes in 1978-79.

The Canadian Wheat Board has sold wheat to the U.S.S.R. grain agency Exportkhleb for shipment in the current crop

[Senator Flynn.]

year. I can assure the honourable senator that the Canadian government and the Canadian Wheat Board were aware of the U.S.S.R. requirement. It was logistical, not pricing, difficulties which precluded further sales at this time. This government is determined to overcome the existing handling and transportation problems which are a constraint on exports of Canadian grain and has already announced a series of measures toward this end.

### GOVERNMENT AID TO EXPORTERS—ADDRESS BY MINISTER OF INDUSTRY, TRADE AND COMMERCE TABLED

**Senator de Cotret** tabled:

Transcript of an Address by the Honourable Robert R. de Cotret, P.C., Minister of Industry, Trade and Commerce and Minister of State for Economic Development, delivered to the Canadian Export Association Annual Convention, Ottawa, Ontario, October 22, 1979.

## NORTH ATLANTIC TREATY ORGANIZATION

### EXPANSION OF CANADA'S ROLE—TEXT OF REPLY PRINTED AS AN APPENDIX

**Senator Asselin:** Honourable senators, Senator Haidasz asked a question on October 23 about Canada's role in the North Atlantic Treaty Organization. I have an answer from the Minister of National Defence, but it is a long and complicated one. I beg permission of the Senate to have this printed as an appendix to the *Debates of the Senate* of today?

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(For text of reply, see Appendix "B").

## TRANSPORT

### POSSIBLE PURCHASE OF SHARES OF NORDAIR LTD.

**Senator Adams:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. My question concerns a possible agreement between Nordair Limited and three other companies, especially a company known by the people in northern Quebec as the Makivik Corporation. Of the other two companies, one is based in Montreal and the other in Ottawa. I wonder if the minister would have any information about this proposed agreement or if he has been talking to representatives of the Inuit Association of Northern Quebec on this matter.

**Senator de Cotret:** I have not had any such conversations, senator. I would be happy to inquire from my colleague, the Minister of Transport, as to the exact status of the situation. I am aware of this proposal with respect to Nordair, but I have not participated in discussions with any of the groups involved. I will be very happy to obtain the information for the honourable senator.



## PARLIAMENT BUILDINGS

FIRE PROTECTION—REPORT OF DOMINION FIRE COMMISSIONER  
PRINTED AS AN APPENDIX

**The Hon. the Speaker:** Before I call the Orders of the Day I would inform honourable senators that I have a report arising from inquiries made a week ago tonight by Senators Molson, Bosa and Haidasz, and, later, by Senator Bird, respecting the status of security in the Senate to persons and property, in the event of a serious fire hazard. The report is in the form of a reply received by me from the Dominion Fire Commissioner, who is an officer of the Department of Public Works. This is a fairly long report, running to about six pages of single-spaced typing. I leave it to the judgment of the Senate as to whether it should be tabled, or appended to the *Debate of the Senate*. In the meantime, I will summarize it very briefly because some of the highlights will be of particular interest to honourable senators.

● (2120)

First, we are dependent for our security in this field on the Ottawa Fire Department, which the Dominion Fire Commissioner says is recognized as "one of the most efficient and effective fire departments in Canada."

Secondly, he reports that there was a complete fire protection survey made of the buildings, and particularly the Centre Block, in 1973, and since then many of the recommendations made at that time have been carried out. For example, in answer to Senator Bosa's question, there is a sprinkler system in operation in the basement, and a proposal is before the Treasury Board to include the sprinkling of the ground floor of the Centre Block. Incidentally, the cost of that is estimated to be \$745,000.

In respect to the matter of storage space and overcrowding which was raised by Senator Haidasz, the Dominion Fire Commissioner says this is a constant problem which is closely monitored, but that the problem will not be solved completely until such time as the renovations of the East Block are complete.

The Fire Commissioner attaches to his letter some of the fire protection requirements which were found from time to time, and a statement indicating what is being done to meet those requirements.

In answer to Senator Bird's question, the Fire Commissioner states that the order of priorities are (1) life safety, (2) protection of property, and (3) the achievement and maintenance of present-day building and fire code standards.

To indicate the tremendous costs that will be involved in the updating of the building, the cost of updating the Peace Tower alone is estimated at \$2,840,000.

A fully supervised fire alarm system was installed throughout this building in 1977-78, along with heat and smoke detectors. The sprinkler protection system was installed, as I indicated, in 1973, and will be extended in due course. A water standpipe and hose system has also been installed, but it is not planned to provide sprinkler protection in the Senate and

House of Commons chambers, the corridors, Confederation Hall, or in the Hall of Honour.

The report goes on to deal with other areas such as the Peace Tower, the Library of Parliament, the West Block, Confederation Building, and the East Block.

What is your wish, honourable senators, as to the disposition of this report?

**Senator Molson:** Honourable senators, I would ask that this report to His Honour the Speaker be appended to our proceedings of today. There is sufficient material contained in it that it would be worthwhile for us to have an opportunity to look at it. It may even suggest some further questions on our part.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(For text of report, see Appendix "C").

## CANADA NON-PROFIT CORPORATIONS BILL

SECOND READING—DEBATE ADJOURNED

**Senator Walker** moved the second reading of Bill S-7, respecting Canadian non-profit corporations.

He said: Honourable senators, this reminds me of the nun novice who was proceeding to a circus tent when a puddle of water prevented her progress. A clown came out of the circus tent, picked her up, carried her across the water and let her down gently. Just as he was doing so, he whispered in her ear, "This is vergin' on the ridiculous." I need hardly suggest to you what I am to talk about tonight. I hate to interrupt the comedy act, but I have to do my duty with regard to Bill S-7 which is before the house, namely, the Canada Non-Profit Corporations Bill.

Honourable senators, as you know, this bill has been before the Senate twice before. It was passed in all its stages, and then sent on to the House of Commons. On the first occasion, through no fault of the Commons, time ran out on the bill and it died on the order paper when Parliament was prorogued. On the second occasion, the general election stopped the bill's being passed. Therefore, I shall be brief tonight because you have heard it all before. The only changes in the bill consist of a few phrases and clauses for the purposes of clarification. Definitely, the bill has not changed, although the language has been improved slightly.

To those members who are new in this chamber, this is going to be a very short briefing. Bill S-3 was introduced in the Senate on November 15, 1977, and, as I said, it was passed by the Senate. Bill S-4 was introduced on October 17, 1978, and that also was passed. Both were considered by the Standing Senate Committee on Banking, Trade and Commerce; passed by the Senate; and later introduced into the House of Commons where, for various reasons, neither of them were proceeded with further.

Bill S-7 is so similar in all respects to Bill S-4 that I am almost inclined to take my seat, but I am told that I should at

least say a word or two. In reality, I am asking you to pass a bill which you have already passed twice before. The non-technical changes added to Bill S-7 will, I trust, allow it to be dealt with by the Standing Senate Committee on Banking, Trade and Commerce under the very distinguished chairmanship of Senator Hayden. We are very much looking forward to his serving again as chairman of that committee, over which he has presided now for 26 years.

As honourable senators know, the Canada Business Corporations Act was passed in 1975, and is working well. It is the government's sincere hope, and it was the last government's sincere hope as well, that this parallel bill, Bill S-7, will work just as well.

I wonder if we could have a little less talk over there. Senator Roblin asked me, on short notice, to move second reading of this bill. I am now doing so, and at great inconvenience. The four of you have been talking all evening. Would you be good enough to be quiet while I finish my remarks? Of course no ill will is intended. I should just like to teach you a lesson.

There are actually about 15,000 non-profit corporations carrying on their activities in Canada of which about 3,000—you will be glad to know that, Senator Roblin—are federal non-profit corporations. Lest you do not know what some of them are, I will name a few so that you can understand the picture, and perhaps you will have some questions.

● (2130)

They are the Vanier Institute; the United Way, or Centraide; the Canadian Heart Foundation; the Canadian Institute for the Blind; the Canadian Medical Association; the Canadian Cancer Society, and Hockey Canada. These constitute, of course, only a very few examples of the many federal non-profit corporations.

I should point out, though, that the Standing Senate Committee on Banking, Trade and Commerce has heard extensive evidence from representatives of key organizations from all over Canada. Anybody who is affected by this proposed law had ample chance to be heard. The hearings were polite, and everyone listened, under the chairmanship again of Senator Hayden. The witnesses included distinguished representatives from the Canadian Chamber of Commerce, the Quebec Chamber of Commerce, the Institute of Association Executives, the Toronto Board of Trade and the Canadian Red Cross Society.

Twenty-five substantive amendments were reflected in the bills passed in the Senate in March and November. Think of that—twenty-five amendments! That is one of the reasons the Senate is so worthwhile. Tremendous changes were affected, all of them beneficial, not like this occasion when they are just to make more precise the English and French languages.

Since then, however, the government has agreed with several of the organizations involved to make these cosmetic amendments to the proposed law, which are set out in this bill, and which I trust will be gone into in some detail before the

Standing Senate Committee on Banking, Trade and Commerce.

This bill confers on the members and managers of federal non-profit corporations maximum flexibility to manage a corporation's activities and internal affairs, and, wherever possible, the substantive provisions of this bill parallel like provisions of the Canada Business Corporations Act.

It is also very important to note that the French version of this bill adopts the concepts and style of the proposed new English version, thus overcoming the general dissatisfaction with the French language version of the original act.

Because of the splendid and comprehensive hearings of the Senate committee, the Department of Consumer and Corporate Affairs' response to this bill was to identify the problem areas, to meet with all the proponents of further amendments, obtain authority to make policy changes, to work with the Department of Justice to effect the necessary changes, and return to the Senate Bill S-3, Bill S-4, and now Bill S-7, a markedly improved bill.

The result, honourable senators, is a bill that parallels the Canada Business Corporations Act in all important respects, and any departure from the provisions of that act is strictly to the extent necessary to meet the objectives of non-profit corporations.

The proposed law will apply to all federal non-profit corporations incorporated after the proclamation of the act. Non-profit corporations presently incorporated under the Canada Corporations Act, the Boards of Trade Act or under special acts have up to five years after proclamation to apply for continuance of their charters under the new act. In other words, lest people do not hear about it across the country, five years will be allowed to come under the new act.

The bill will allow incorporation as of right. Hitherto it was as of choice—choice of whoever was examining the application of the act. An incorporation will be allowed as of right, provided the purpose of the corporation does not contravene any act of Parliament.

It also contains specific provisions concerning the protection of members' rights. Members of non-profit corporations will have the right to initiate by-laws, to vote on fundamental changes to the corporation, to submit proposals at meetings of the membership, and, in the case of membership corporations, require that the corporation purchase their membership where there is disagreement with a proposed fundamental change. In addition, a member subject to a decision to discipline or to expel may have the decision reviewed by the court. It also makes very easy access to our courts, which is something that has been denied up to the present time.

The new legislation does many things by way of improving legislative provisions concerning disclosure. This is a step forward. For example, in the case of charitable corporations, disclosure must be made to the public; or, in the case of membership corporations, disclosure must be made to the members.



All of these are referred to from now on as non-profit corporations, divided, of course, into two categories, one category, as I said earlier, being the non-profit charitable corporations, and the other being the membership corporations.

In summary, this bill attempts to establish methods whereby the 3,000 federal non-profit corporations in Canada can effectively, at last, achieve their varied objectives and purposes and in a manner consistent with the requirements of the Canada Business Corporations Act.

Honourable senators, I commend this bill to your favourable consideration. Should it receive second reading, I will move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

On motion of Senator Hayden, debate adjourned.

● (2140)

## QUEBEC AND MONTREAL PORT WARDENS ACTS

### BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Senator Charbonneau** moved the second reading of Bill S-6, to amend an Act to provide for the appointment of a Port Warden for the Harbour of Quebec and to amend an Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal.

[Translation]

He said: Honourable senators, Bill S-6 is a very short piece of legislation designed to amend very ancient provisions dealing with the duties of the port wardens in both Montreal and Quebec City. This bill would make it possible to establish fees for the services of the port wardens of both these cities that exceed the maximum fees that the act at present permits.

A port warden carries out various duties, including checking the condition and stowing of goods on board. He may be called upon, for instance, to survey the damage caused to the goods, supervise the loading of grain, concentrates, lumber and dangerous commodities, in order to make sure that international safety measures are complied with and to serve as an arbitrator whenever disputes arise between the various parties involved in the loading and unloading operations.

Amendments to these acts would eliminate the present provisions which set a ceiling on the fees for such services in both ports. The proposals would authorize the Quebec City and Montreal board of trade councils, with the approval of the Governor in Council, to establish fees over the maximum presently allowable.

With the approval of the Governor in Council rates have been higher on several occasions in the last 20 years. However, in 1977, when the last application for such an increase was received in Montreal, the Department of Justice refused to ratify the new increase until the act was amended. We therefore find ourselves in the situation where the rates in both ports appear to be *ultra vires*.

The Montreal Board of Trade states that the office of port warden is operated at a loss at present and that that will remain until the rates are increased. Of course, neither port

expects to make a profit. The services are provided for the benefit of Canadian exporters and are an additional incentive for buyers of Canadian goods since they are assured that the goods are loaded under security and supervision and will normally arrive at destination in good order. Similar services are offered in other Canadian ports by port wardens employed by Transport Canada on a cost recovery basis, and the ports of Montreal and Quebec City only want to be authorized to charge rates equivalent to those of federal ports. The International Marine Transport Association as well as Canadian exporters have agreed to comply with a reasonable rate for a service which today is internationally recognized as an integral part of the customer service provided by Canada to its commercial partners.

Should the ports see their request rejected, then both cities would be forced to subsidize a service which in every other Canadian port is provided on a cost recovery basis by the federal government.

Obviously, this puts these two ports at a disadvantage, especially when one considers that those costs are for the most part collected from foreign ship owners.

Although Quebec and Montreal operate their port warden service independently, both acts provide that higher rates must be approved by the Governor in Council.

So the ultimate aim is to establish for both ports rates quite similar to the rate structure applied by the port wardens of Transport Canada, as provided under the Canada Shipping Act.

Less important is the proposal to change the name of both corporations which is made necessary by the fact that, first, the Montreal Act of 1882 inadvertently used the term "Chambre de Commerce" instead of "Bureau de Commerce", the second expression being the name used when the Montreal Board of Trade was incorporated in 1842; and secondly, the Quebec organization changed its name by Letters Patent in 1971.

In concluding, I should like to remind all honourable senators that the services provided by the port wardens to Canadian exporters and to the marine industry in general, throughout Canada, have been for decades and are still excellent. In order that that level of service be maintained in Quebec and Montreal and to standardize the cost of those services across the country, I urge honourable senators to support the proposed amendments contained in Bill S-6 which is now before the Senate.

[English]

On motion of Senator Petten, debate adjourned.

**CANADA-FRANCE TRADE AGREEMENT ACT, 1933  
SUPPLEMENTARY CANADA-FRANCE TRADE  
AGREEMENT ACT, 1935**

BILL TO REPEAL—SECOND READING—DEBATE ADJOURNED

**Senator de Cotret** moved the second reading of Bill S-2, to repeal the Canada-France Trade Agreement Act, 1933 and the Supplementary Canada-France Trade Agreement Act, 1935.

He said: Honourable senators, in introducing Bill S-2, I will keep my comments very brief. This is an act to repeal the Canada-France Trade Agreement Acts of 1933 and 1935.

As honourable senators no doubt know, Canadian companies have been producing a product called "Canadian champagne" and so labelling and selling it in Canada for a number of years. Under Article XI of the Canada-France Trade Agreement, the French took Canadian producers to court in Quebec and were successful in preventing them from continuing to sell their product in that province. At this time a similar court case is pending in Ontario.

It has not been possible to work out an accommodation with the French that would allow our producers to continue to sell "Canadian champagne" on the domestic market even though other countries can label their product "champagne" and export it to Canada. I particularly refer to Australia and the United States. This, in our view, created an inequitable situation that had to be corrected.

This bill is in no way an impediment to the protection of the Canadian consumer. The question of the protection of consumers is one for the Consumer Packaging and Labelling Act. In addition, the consumer and public interest in protecting appellations of origin in Canada is one that could appropriately be considered in any future revision of the Trade Marks Act. Notice of our intention to abrogate bilateral agreements with France was given some time ago. This bill is procedural in nature and its effect is to implement in Canadian law the decision taken in December 1977 to terminate the Canada-France Trade Agreements Acts of 1933 and 1935.

**Senator Godfrey:** May I ask the honourable senator a question? Was there anything else in this act? Does this merely cover the question of appellations of origin? Is there anything of advantage to Canada in the act as a *quid pro quo* that we are giving up when this act is repealed?

● (2150)

**Senator de Cotret:** I do not believe that Canada is losing any advantage, or that any negative effects would follow as a result of the repeal of the act.

The French are still somewhat upset over this action, but we believe, through the consultative process that has been going on, that they will understand Canada's position in this matter. We certainly cannot foresee any adverse effects as a result of the repeal of the agreements in terms of our trade with France.

On motion of Senator Godfrey, debate adjourned.

[Senator Charbonneau.]

**SPEECH FROM THE THRONE**

ADDRESS IN REPLY ADOPTED

The Senate resumed from Thursday, October 25, consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Senator Bielish, seconded by Senator Charbonneau, for an Address in reply thereto.

**Senator Graham:** Honourable senators, I shall attempt to be not too long, having regard for the hour, but in view of the number of bills that the government obviously has to consider tomorrow and the next day, and in view of the fact that we do not have a schedule of those bills, I would beg leave to proceed this evening.

I wish to commence my remarks by taking special notice of the presence in the Chair of the new Speaker. Senator Grosart has distinguished himself in various fields of endeavour, but most of all in this chamber where, on many occasions, he was the articulate conscience of deliberations here and in the standing committees, of which he was such a valued member.

[Translation]

His predecessor, Senator Lapointe, deserves all our congratulations and appreciation for the manner in which she discharged her duties. She enhanced the good name of the Senate on several occasions whether she led or received delegates involved in all major fields of international affairs.

Since the opening of this Thirty-first Parliament, we have been privileged to have three ministers of the Crown sitting in this house.

I wish to congratulate Senator Flynn in particular since he finally managed to get over to the other side of this house. I am confident that his ability and his great sense of humor will lighten the burden of his heavy responsibilities.

We also want to welcome his colleagues in the Cabinet, Senator Asselin and Senator de Cotret who will certainly enhance the significance and the good repute of this house.

[English]

I am also pleased to see that Senator Perrault continues to lead the Liberal Party in the Senate. This chamber, the west and, indeed, all the regions of Canada, have no greater champion than Senator Perrault.

Speaking of regions, I am fully cognizant of the valuable additions to the chamber that have been made from across the country, and I welcome all new honourable senators. I am sure I will be forgiven if I make special mention of our new colleagues from Nova Scotia, Senator Muir and Senator Donahoe. There is a third native from our province, who for various reasons, now is a representative from Ontario. I refer, of course, to another personal friend of long standing, Senator Murray. While Senator Murray constitutionally represents Ontario, I am sure that he will join with others in protesting with all the vigour at his command some of the unfortunate decisions already inflicted on our native province by an ill-advised new federal government.



Honourable senators, it is not my intention to dwell heavily on the Speech from the Throne—there is not much to even lean on, let alone dwell—but I do want to take this opportunity to express my views on some important issues affecting my part of Canada, issues which, in the broad sense, must clearly be considered of national importance.

As I have said on another occasion, there are few countries with a more diversified and complex system of economic decision-making than Canada, where the responsibilities of government are divided between federal, provincial and municipal jurisdictions, where bigness and the very nature of our geography, as well as the distribution of our resources and our population, make things even more difficult to manage.

Another immutable economic truth is the inescapable “time lag” between developments elsewhere in Canada and their impact on the Atlantic provinces. As a result, when economic recovery begins elsewhere, some time will elapse before beneficial effects are felt in the Atlantic provinces.

Happily, a sometimes exception to this rule can be found in indigenous resource industries such as coal or the fishery. However, by and large, we cannot expect a rapid step-up in economic activity if normal economic forces are allowed to operate alone.

A case can and has been made, therefore, for special government measures as a form of pump-priming. This is especially true, since the Atlantic provinces have a real contribution to make in terms of energy, and also because the 200-mile limit has given a new economic relevance to the fishery and related industries, such as boat building.

Examination of these sectors serves to emphasize that there is an important difference between non-productive government expenditures, in the economic sense, and those designed to speed up good initiatives of lasting economic benefit.

It is a matter of record that we do experience unnecessary delays because of red tape, interdepartmental, federal-provincial and interprovincial rivalries. The interface between various departments of government at all levels needs careful analysis. Some central co-ordination is clearly necessary over all programs and expenditures to avoid duplication and to maximize effectiveness. In addition, there is the uncertain and inconsistent state of the relationship between the public and private sectors. Too often, there is a seeming absence of the will, the drive, the determination to move ahead quickly and decisively with some projects of enormous potential.

What may be needed in government at all levels is a number of action-oriented task forces with the power to bring matters to a head and to force early decisions on a priority basis, when and where they are needed most in our country. Obvious examples can be found in the need for an early and positive decision in respect of the financing of a new coal mine at Donkin, Cape Breton. I am given to understand that all of the relevant studies have been completed, and it remains for those documents to be examined for final decision-making by the appropriate authorities here in Ottawa.

• (2200)

A new mine at Donkin would provide several hundred much-needed immediate jobs in construction and, upon completion, something in the order of 1,150 new permanent jobs, producing in the first phase at the rate of 2.3 million tons of coal per annum, and upwards of 1,500 new jobs in the second phase, producing at the rate of some 3.4 million tons each year.

I am pleased to report that progress is being made in the development of the New Prince mine on the north side of industrial Cape Breton. Within the next month, over 300 people will be employed at that mine and, should the geology and quality of coal live up to expectations, the employment figure could reach as high as 700 by 1983-84. Here, too, I am confident that federal support will prove to be beneficial and worthwhile. These numbers in terms of jobs, honourable senators, may seem low in comparison to some other areas of Canada; but they are extremely important to the part of Canada I come from.

Because of the world energy crisis, nowhere is it more important to reduce our dependence upon oil than it is in Nova Scotia, and perhaps Prince Edward Island. Recognizing this fact, the Governments of Canada and Nova Scotia entered into a joint funding venture to carry out a major offshore drilling program in the Sydney coal basin. As a result, new massive reserves of coal were delineated, ensuring a future for the industry for many years to come.

The scale of the coal challenge is as immense as the potential benefits. Above all, it is a challenge to our ability as governments, industry and labour to anticipate and collaborate. Unless early commitments are made by all sectors of the economy, sufficient quantities of coal will not be produced in time to meet our energy needs. In the meantime, each delay brings with it the inevitable escalation in construction costs. It should be noted that there is probably no greater challenge to industry and to government—and, indeed, to our colleges and universities—than to solve the large technical problems related to the extraction, utilization, air pollution and maximum efficiency of our coal resources.

Honourable senators, closely related to coal in the Cape Breton economy and, as a matter of fact, in the economy of all of Nova Scotia, is its industrial twin, steel. It is a matter of record that all political parties have supported the concept of providing the necessary support for this vital cornerstone of economic survival in industrial Cape Breton. The plain fact is that, in my judgment, without a steel industry in Sydney, the whole of eastern Nova Scotia will face grave, if not irreparable, economic damage.

Earlier in the year the previous government committed some \$50 million in federal funds to aid the development program at Sysco. I believe that even greater assistance will be required. The burden is such that the Province of Nova Scotia cannot carry this load by itself. To date, the new government has made available some \$7.2 million of the \$50 million committed to the province. While we recognize that the prime responsibility rests with Nova Scotia, it is important to understand that

the province cannot carry the burden alone and that substantial help will be required from the Government of Canada.

Honourable senators, there has been both public and private speculation over the last year in respect of the possibility of developing new coking-coal operations in Cape Breton which could cost in the vicinity of \$300 million to \$400 million. Direct employment in such a facility has been estimated at 200.

To supply such an operation, it is to be presumed that existing mines will have to be expanded or new mines developed. However, while I recognize that there is a relationship, I would caution those in authority that the first priority when it comes to funding is, and must continue to be, coal and steel. The importance of proper development in these two industries must not be obscured or undermined by the possibility of developing large scale coking facilities aimed primarily at the export market, no matter how commendable or worthwhile this venture may be.

On another topic, honourable senators, last August the new government announced the cancellation of decentralization programs in various parts of Canada. While all of these cancellations were regrettable in the extreme, I want to make specific mention of the projects which originally engendered such high hopes in two areas of eastern Nova Scotia—namely, Sydney and Antigonish. In the first instance, 350 new jobs were involved and, in the second, close to 100.

While these may sound like small numbers to those of you who come from the heavily industrialized areas of Canada, I repeat that, in my part of the country, they are very significant. I believe those cancellations were reprehensible and insensitive. They represented political partisanship and retribution of the worst kind. It is a matter of record that projects were never held back by the previous government because of the political stripe of the constituency member of Parliament, whether it was in Pictou, Halifax, Sydney, or anywhere else in this great country.

The aim of the decentralization program was not just to provide jobs and broaden the economic and tax base in areas of need and thereby help eliminate regional economic disparity, but also to bring the national government closer to the people in the various regions of the country. Surely in a country the size of Canada, where the health of the nation is dependent on the health of all its regions, every fair-minded citizen would recognize that as a commendable and worthwhile objective.

We are fortunate to live in a country where our political beliefs and differences are settled periodically by the ballot. In the last federal general election, the Progressive Conservative Party sought and won a mandate to govern. That party now has a responsibility to serve all of the people equally and fairly, no matter how they voted or where they may live. One of the sources of our difficulty in this case may be the fact that we have a new system of cabinet ranking in Canada and, as a consequence, varying degrees of influence.

[Senator Graham.]

I can recall the days when such outstanding Canadians as J. L. Ilsley, Angus MacDonald, Robert Winters, George Nowlan and, more recently, Allan MacEachen represented Nova Scotia at the federal cabinet table. They each spoke with as much authority as any other cabinet minister. But today our federal cabinet representative, the Honourable Elmer MacKay, a respected Nova Scotian, is in the so-called outer cabinet. He is on the second team. He is not there when the big decisions are made. Otherwise, I am sure that, in the hard-fought and hard-won traditions of people like Nowlan and MacEachen, he would not for one minute allow Sinclair Stevens to pull the rug out from under the employment hopes of his neighbouring county of Antigonish, or the hard-pressed high unemployment areas of industrial Cape Breton.

Mr. MacKay bears a double responsibility in this respect. He is not only Nova Scotia's cabinet representative, but also the Minister of Regional Economic Expansion. He is the minister of a department created for the very purpose of helping to create jobs and to broaden and strengthen the economic base of the various regions of Canada. So, we all share in the embarrassment that must have been Mr. MacKay's when the President of the Treasury Board used his sabre—without consultation, I am sure—on a part of Canada which desperately needs the help and understanding of those who control the economic levers of our country.

• (2210)

As a Nova Scotian I feel aggrieved that we are being deliberately short-changed, that we are being treated as second-class citizens with respect to the place of influence given to our cabinet representatives. I am sure that the vast majority of New Brunswickers and Manitobans feel likewise, because their cabinet representatives also failed to make it to the inner sanctum.

**Senator Roblin:** I think we are doing quite well.

**Senator Graham:** Well, if you are doing all right, thank God for Manitoba, because we are not doing so well in Nova Scotia.

**Senator Macdonald:** We are not doing too badly.

**Senator Graham:** Perhaps in this respect, we can appeal to the good judgment and fairness of our two colleagues who did make it, Senator Flynn and Senator de Cotret, to use their undoubted influence on the Prime Minister to provide all the provinces of Canada with an equal voice in cabinet, and, as a consequence, an equal voice in those deliberations that affect every part of our country.

I appeal as well, not only to our cabinet representatives, but to all honourable senators in Nova Scotia and elsewhere, to join together in an attempt to convince the government that a good milestone in fulfilling the trust the Conservatives accepted on May 22, would be to restore the decentralization programs in Antigonish and Sydney.

In closing, honourable senators, I am reminded of the words of no less a person than Prince Philip, and I quote:



We must get it firmly fixed in our minds that all of the trappings of our social, religious, political and industrial systems exist for the sole purpose of allowing life to be as tolerable and civilized as possible for the individual and the family. Only if we start from here, are we likely to get our directions right.

I am also reminded of a further quotation which reads as follows:

The preservation of a democratic society of high ideal, is entirely dependent upon the willingness of good people to give of themselves to a cause beyond themselves. And those who will do so, when all about them lies the pursuit of self-interest, may know that but for them, democracy could not survive.

Honourable senators, the concept of equal human worth still has a long way to go in its realization. And in our attempts to assist in achieving that realization, we must first understand that we are here to serve others. That service must be rendered justly and fairly for every person in every part of Canada.

**Senator Côtteau:** Honourable senators, I should like to begin by associating myself with all the good wishes that have been conveyed to our new Speaker on his appointment, to the Leader of the Government in the Senate, to the new senators who have joined us and also to the mover and seconder of the Address in reply to the Speech from the Throne.

Three Nova Scotia senators have already participated in this debate, including my learned colleague from the highlands of Cape Breton who has just spoken, and they have very ably enlightened this chamber as to the problems which confront our small but mighty province. So, lest my part in the debate tends to become redundant, I shall endeavour to confine my remarks to matters which my predecessors from Nova Scotia have not touched upon, or if so very slightly.

My home area which constitutes the south-western tip of Nova Scotia lies within the federal constituency of South West Nova. This comprises a very large territory including the three counties of Yarmouth, Digby and Annapolis. My purpose in giving this brief background summary of my home area is so that I can relate it in some manner with some of the proposals which were advanced in the Speech from the Throne.

Honourable senators, the diversities in all aspects of Canadian life is one of its richest assets, and for this reason I maintain that my home area shares in the richness of Canada. One of the aspects in which it differs greatly from the majority of the other regions is that its economy is almost completely dependent on the local fishing industry. Now, there is something in the Speech from the Throne which, if implemented, will definitely bring to my area a great measure of satisfaction. I refer to that part where it is stated that a five-part strategy will be implemented to build on the economic potential of Canada. I am particularly interested in the fourth part, from which I quote, as follows:

Fourth, my Government will ask you to support programs which build upon the strengths of the regions of Canada.

Legislation will be placed before you to strengthen the mandate of the Department of Regional Economic Expansion. You will be asked to consider a White Paper on future development of our fisheries resources, prepared in consultation with fishermen, the fishing industry and the provinces.

I hope I am not overly optimistic as to the true meaning of these words, but I must say that I am encouraged by them as I am sure are all others who are associated with the fishery resource. It is not that this proposal will necessarily bring a new dimension to the fishing industry, but it does give me hope that the new government will carry on with the programs initiated by the previous administration, and, more importantly, it will endeavour to develop the fishing industry, which means that my area can be favourably affected.

Let me explain briefly why this is so significantly important to the province of Nova Scotia in general, and to my home area in particular.

Fishing has always played a significant role in the history of my province. Even in the days of the first explorers, it was noticed that the cod seemed to be in boundless supply around our shores, and not very many years after—in fact, we are told it was in 1577—the coast of Newfoundland, Cape Breton and Labrador abounded with men in some 315 ships fishing for the precious cod. This prized fish retained its popularity for the next two centuries, and gave rise to a lucrative trade between Canada, Europe and the West Indies.

Coming back to my province, fishing developed substantially, and the 1880s were the peak years of what was then known as the schooner fleet. We still have in Nova Scotia a replica of one of the schooners, the *Bluenose*, which is symbolic of our history. Later on, with the advance of technology, schooners gave way to motorized vessels in the 1930s and then, later on still, the pattern changed in the sixties to stern trawlers, which, to this day, fish the offshore banks for ground-fish and scallops. You will recall that in order to protect and nurture the fish stock Canada imposed, as has already been mentioned by Senator Graham, a 200-mile limit around its shores in 1977.

● (2220)

Honourable senators, what I am giving you in a brief manner are statistics taken from the Nova Scotia fisheries department. These will give you an idea of the importance that this resource has for my province.

The commercial fishing industry employs 15,000 people. Of these, 10,460 are associated with primary operations and 4,450 are employed in fish processing. There are 9,000 vessels engaged in fishery, the value of which amounts to \$76 million. Investment in fishing gear is estimated at \$10 million.

The 1977 figures, which are the latest I have for the purpose of these remarks, indicate that fish landings for Nova Scotia were valued at almost \$110 million in 1977. The five most valuable species landed were scallops, lobsters, cod, herring and redfish.

So much for the description of our fishery at the provincial level. I come now to my own home area which is situated at

the southwestern tip and which fits very well in the setting I have just described. Our climate and our geography are such as to favour ideal fishing conditions. Our forestry resource is more than adequate to supply the necessary material for a healthy boatbuilding industry as well as for making lobster traps and other fishing equipment. Our coastal environment, at least up to now, has been and is properly suited for the growth and reproduction of lobsters, the species which constitutes the major portion of our fishery.

Owing to the makeup of our fishing grounds, a pattern has developed according to which fishermen segregate themselves into two classes: one being the offshore fishermen whose interests lie in ground-fish and/or scallops and who generally fish away from shore in large boats; the other class being comprised of those fishermen who prefer to fish within a short distance offshore in small boats measuring between 35 feet and 50 feet and whose fishery is mainly directed towards the lobster fishery.

I have given you in summary form the structure of the fishing industry in my home area. This industry brings in something like \$100 million annually to my province, not to mention the value of its related industries, and it brings in something like \$40 million in my own area. Because of its tremendous impact on the local economy, I feel it is imperative that it be carefully and wisely managed by those who are closely associated with it, in close co-operation with the government. According to the Nova Scotia Department of Fisheries, a three-fold increase in the Nova Scotia catch is possible in the next ten years. This is, of course, as a result of the 200-mile limit.

I therefore urge the government to develop its programs with respect to the fishing industry without delay, particularly as they affect my region of southwestern Nova Scotia.

[Translation]

Honourable senators, I wanted to concentrate on the subject of fisheries because the other subjects relating to my province have pretty well been dealt with. But I would not want to leave you under the impression that everyone in my part of the country is fishing. Of course not. Like everywhere else, there are all sorts of occupations enabling people to earn their living.

I also wanted to say that I have in my area one of the concentrations of Acadians in Nova Scotia. There are others in the Cape Breton area. In my area, the ridings of Digby and Yarmouth, the Acadian people total 17,500, which is 42 per cent of the people in the area.

So we have here a situation where a minority group makes up a rather high proportion of the people in an area although at the provincial level those same Acadians account for only 10 per cent of the population.

The Acadians of Nova Scotia have been able to adapt to local conditions and it must be said that they always lived in harmony with their English-speaking neighbours without for that matter feeling like strangers. There might be a lesson there for the country in this period of crisis where the issue of Canadian unity is at stake.

[Senator Cottreau.]

It is true that many people among the Acadians no longer speak their mother tongue and say they are assimilated to the English culture. It is true also that many of them seem to think, for all practical purposes, that French groups in Nova Scotia are bound to disappear. I for one do not accept such suppositions.

It is absolutely inevitable that the Acadian culture be affected by its environment and that in certain cases it should disappear. On the other hand, we must admire the tenacity that characterizes Acadians who have always worked for the safeguard of their customs and traditions that are found everywhere they live today.

In my area, Acadians have always been recognized and respected for their ambition, their contribution to the welfare of society and the welfare of the regional economy.

I once belonged to one of their social clubs whose motto was "Live and Let Live." That motto reflects exactly the attitude Acadians have towards their neighbours. They only want to work for the good of their country. However, it must be said that they must continuously be on their guard against anything that might be detrimental to them. That is why they have leaders and spokesmen who often speak on issues that have to do with their welfare. Although generally speaking local authorities are sympathetic to them, there are small incidents that happen here and there where there is room for improvement.

In the villages, for example,—and here I am only giving a passing example—in the villages that are basically French you find today that all road signs, names of lakes and rivers are always in English, although at first and even today, Francophones usually refer to those things by their French names.

However, it is normal to see French signs in those French places, as happens everywhere.

● (2230)

[English]

Honourable senators, because of the late hour, I shall not prolong my speech. May I say in closing that these are perhaps minor details which do not sap the foundation of good relationship. However, in human relations a certain amount of give and take is always conducive to peaceful understanding between groups of people of different ethnic background. I believe the possibility exists that those minor differences will be ironed out to everyone's satisfaction.

Motion agreed to, and the Address in reply to the Speech from the Throne adopted.

On motion of Senator Roblin, ordered that the Address be engrossed and presented to His Excellency the Governor General by the Honourable the Speaker.

## NORTHERN PIPELINE

### APPOINTMENT OF SPECIAL SENATE COMMITTEE

Senator Olson, pursuant to notice of Wednesday, October 10, 1979, moved:

That a special committee of the Senate be appointed



(1) to inquire into any matter relating to the planning and construction of the pipeline for the transmission of natural gas from Alaska and Northern Canada described in *An Act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto*, Chapter 20, Statutes of Canada 1977-78.

(2) to consider, in particular, all reports, orders, agreements, regulations, directions, recommendations and approvals referred to in the said Act, and

(3) to report to the Senate thereon at least once in each session of Parliament during the period of the planning and construction of the pipeline;

That the Committee have power to send for persons, papers and records, to examine witnesses, to print such papers and evidence from day to day as may be ordered by the Committee and to adjourn from place to place in Canada; and

That the papers and evidence received and taken on the subject in the Third and Fourth Sessions of the Thirtieth Parliament be referred to the Committee.

He said: Honourable senators, I should like to make a brief speech to explain that the wording of the motion relating to the terms of reference of the proposed committee is the same as that of the motion that was adopted during the last session. Indeed, it is very similar to the one that was adopted in an earlier session.

Honourable senators will note that the motion refers to any matter relating to the planning and construction of this pipe-

line. It is fair to say that there was an agreement that the Senate would re-establish the committee in each session until the construction was completed and the pipeline was operational.

Some discussions have been held with respect to amending the terms of reference but they are incomplete. The committee may consider such matters as other applications that are now before the National Energy Board. To name one or two, there is the Polar Gas proposal and also the extension of the gas pipeline from Montreal east into eastern Quebec and the maritimes—sometimes called the Q and M. However, I do not wish to identify that specifically because there is more than one proposal and, I believe, more than one formal application.

We believe that the committee is sufficiently competent to look into those matters. As I have said, the discussions have not been completed and we are prepared to proceed with the identical wording that was used in the last session.

**Senator Roblin:** Honourable senators, Senator Olson did give me notice that he intended to proceed with his motion tonight, and I acknowledge that fact.

We do not oppose the adoption of the motion now before the Senate, for the reasons that the honourable senator has stated—it represents a continuation of what we have already been doing, and we believe that the matter should be completed.

I do confirm that at the present time discussions with respect to any expansion of the activities of this committee have not reached a point of maturity—although I dare say that further discussions will take place in the future.

We are prepared to accept the motion and will be glad to see it adopted this evening.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.





## APPENDIX "A"

(See p. 210)

### EMPLOYMENT AND IMMIGRATION

#### REFUGEES FROM INDOCHINA—REPLY TO QUESTION OCTOBER 17, 1979, BY SENATOR BARROW

With respect to the so-called Vietnamese or Indochinese Boat People:

1. Where, in fact, do these people come from?

The Indochinese refugees come from Vietnam, Laos and Kampuchea.

2. Under what conditions are they being admitted to Canada?

These people are admitted to Canada under the Indochinese Designated Class Regulation approved by Governor in Council on December 7, 1978 effective from January 1, 1979 to January 1, 1981. This Regulation, which has the effect of designating them as refugees, provides for the admission of people who have fled their homes because of hardship or danger, and are seeking permanent resettlement in Canada.

3. Do they have to pay all or part of their passage or fare, and is it by air or boat by which they arrive?

All the refugees from Indochina come by air. They are all given interest-free Assisted Passage Loans for their transportation to final destinations in Canada. As of January 1, 1979 the repayable amount has been set at \$750 for each adult refugee, \$375 for children between the ages of 2 and 12 years, and \$75 for children under 2. Travel costs above these amounts are met by the Federal Government. These loans are repaid over an extended period of time, once the refugees are self-sufficient.

4. Do they have to be sponsored by individuals or groups and, if so, how long does such sponsorship continue?

The refugees may be either assisted by the Federal Government or sponsored by legally incorporated organizations or groups of at least five people, all of whom are over 18 years of age and are Canadian citizens or permanent residents. There are two major types of group sponsorship in the private sector:

- a) national organizations who have signed a formal agreement on behalf of their constituent groups, and
- b) one for local groups or organizations who enter into individual sponsorships.

Sponsors must accept the commitment to assist for a period of up to one year.

5. Does it mean the payment of money or is there personal involvement required?

The commitment made by the sponsor groups requires material or monetary assistance such as the provision of initial food, clothing and accommodation. It also requires personal involvement such as meeting them upon arrival, and helping them adjust initially to life in Canada and to find employment.

6. What facilities does the federal government provide for these people and their families to become assimilated into the community and to learn one or both of our two official languages?

Language training is provided through the Canada Employment Centers, for those refugees intending to work, and by the Department of the Secretary of State in other cases. The provincial school systems and community organizations provide other language training facilities.

The federal government also provides to non-sponsored refugees:

1. accommodation,
2. food and clothing, and
3. assistance in finding employment.

7. Is there a commitment from the provincial governments and, if so, what are the commitments with respect to finances, facilities and numbers by individual provinces?

All provincial governments have been consulted with regard to the federal government's undertaking to accept 50,000 refugees by the end of 1980, and have concurred with this program.

Quebec is the only province which has made a specific numerical commitment and will accept 10,000 refugees (of those sponsored by the government) in that time.

All provinces are actively participating with finances and facilities in the resettlement of these unfortunate people, through their ongoing social and educational programs.

8. What provision is made for medical and security checks with respect to these people?

A full medical examination of each refugee is conducted by physicians designated by Health and Welfare Canada, before these people leave for Canada. The refugees are also given a

medical inspection on arrival in Canada by doctors from the Department of National Defence and arrangements for treatment are if required.

Thorough background security checks are conducted on all refugees in accordance with normal immigration procedures.

9. Are the Boat People covered by the Citizenship Act and Immigration Act with respect to becoming Canadian citizens, with full rights and privileges to bring relatives into this country and, if so, what are those rights and, if not, wherein do they differ?

The Indochinese refugees are landed as new immigrants on arrival in Canada and are entitled both to all rights and privileges under the Immigration Act and Regulations, and to apply after three years residence to become citizens under the Citizenship Act.

Once these individuals are landed, they have the same rights as other immigrants to sponsor their relatives into Canada under the Immigration Act and Regulations.

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## APPENDIX "B"

(See p. 210)

### NORTH ATLANTIC TREATY ORGANIZATION

#### EXPANSION OF CANADA'S ROLE—REPLY TO QUESTION OF SENATOR HAIDASZ OF OCTOBER 23, 1979

In response to the honourable senator's question of October 23, 1979, I have the honour to refer to the speech made by the Prime Minister to the North Atlantic Assembly on October 26, 1979, wherein the Prime Minister reiterated Canada's full commitment to the NATO Alliance. In particular, the Prime Minister stated that Canada will meet its spending commitments to the Alliance until 1984. I also should point out to the honourable senator this country's commitment to the NATO Alliance in a message to NATO Secretary General Luns.

I would also refer the honourable senator to the speech made by the Minister of National Defence to the political committee of the North Atlantic Assembly on October 24, 1979, regarding Canada's commitments to the Alliance. On that occasion the Minister indicated that in addition to continuing the major re-equipment programmes for the Canadian Forces already underway, the government also has plans to make modest increases to the strength of our Armed Forces.

The Minister of National Defence also told the North Atlantic Assembly that Canada has long recognized that in facing a nuclear armed opponent, NATO cannot rely on conventional forces alone for credible deterrence. For this reason, Canada subscribes to NATO's strategy of flexible response and forward defence based on the triad of military forces designed to provide the Alliance with a capacity to respond in an appropriate manner should aggression occur. The Minister indicated that Canada also recognizes that there is a need to modernize the long range element of NATO's theatre nuclear forces in order to close the gap in the range of available NATO responses to the Warsaw Pact threat brought on by the general improvement of Soviet theatre nuclear force systems and in particular by the deployment of the SS20 missile and the Backfire bomber. The question of an Alliance consensus on theatre nuclear force modernization will of course await the results of the meeting of NATO Ministers in December.





## APPENDIX "C"

(See p. 211)

### PARLIAMENT BUILDINGS

#### FIRE PROTECTION—REPORT OF DOMINION FIRE COMMISSIONER

1979-10-29

The Honourable Allister Grosart  
Speaker of the Senate  
The Senate  
Parliament Buildings  
Ottawa, Ontario

Dear Senator Grosart:

Re: Fire Protection Measures  
Parliamentary Buildings  
Ottawa, Ontario

In response to questions raised in the Senate regarding fire protection of the buildings on Parliament Hill, the following information is forwarded for your consideration.

Firefighting services for all federal properties in the City of Ottawa is provided by the Ottawa Fire Department as part of the Municipal Grant paid in lieu of taxes. This firefighting force is recognized as one of the most efficient and effective fire departments in Canada, and is supported in a major conflagration by units of surrounding municipalities by way of a Mutual Aid Agreement.

A complete fire protection survey of the buildings on Parliament Hill was conducted by engineers and technical officers on staff of the Dominion Fire Commissioner in 1973, and regular inspections are carried out by a fire inspector from the National Capital Regional office of the Dominion Fire Commissioner. Sprinkler systems have been installed in the basement areas of the Centre Block, Langevin Block, and Confederation Building. Total sprinkler protection has been approved and is being installed throughout the East Block. "Designs and specifications have been prepared for a complete sprinkler installation in the remainder of the Centre Block, and this project is programmed along with other improvements to this building. Phase I of this program which includes sprinklering of the ground floor, and separation of vertical openings, at an estimated cost of \$745,000 has been prepared and is being processed for Treasury Board approval."

The lack of storage space and overcrowding is a constant problem which is closely monitored, but the problem will not

be resolved completely until such time as the East Block renovations are completed, and other suitable space is made available to both the Senate and the House of Commons.

Attached is a list of fire protection requirements implemented over the past four years, and of projects programmed for further improvement of fire protection measures in the future. Within financial constraints all requirements were implemented by priorities in order of life safety, protection of property, and present day building and fire code standards. For example, a Treasury Board submission for updating the Peace Tower at a cost of \$2,840,000 has also been prepared for Treasury Board approval.

Trusting this information adequately answers the questions raised. We are, of course, prepared to amplify or clarify our responses if you so desire.

Yours sincerely,

G.A. Hope  
*Dominion Fire Commissioner*

Attach.

Enclosure to Letter to The Honourable Allister Grosart dated 1979-10-29

Fire protection provided or proposed for the Parliament Hill buildings is as follows:

#### 1. Centre Block

(a) A fully supervised fire alarm system was installed throughout the building in 1977/78.

(b) Heat detectors were installed and connected to the fire alarm system in 1977/78 to provide coverage in storage areas, staff working rooms, mechanical equipment rooms, CBC television control rooms, and at the head of stairwells.

(c) Smoke detectors were installed in the air circulation system and connected to the fire alarm system to monitor the Senate and Commons Chambers.

(d) The emergency lighting system has been upgraded to provide more complete coverage during power interruptions.

(e) Sprinkler protection coverage was installed in 1972 to protect the complete basement area.

(f) Access doors to basement are secured to restrict entry to authorized personnel only.

(g) A water standpipe and hose system is installed to provide coverage to all areas of the building.

(h) It is proposed to sprinkle the entire Centre Block with some exceptions. A submission is before Treasury Board at this time to approve the installation of sprinkler coverage for the *first* floor as the initial stage in this program. Further coverage is to be initiated as funds are made available. It is not planned to provide sprinkler protection in the Senate and Commons Chambers, corridors, Confederation Hall and Hall of Honour.

(j) Recommendations that have not been implemented to date:

(i) Removal of workshops from basement area.

(ii) All exist door locks to be removed.

## 2. Peace Tower

(a) heat detectors are installed at all levels to provide protection in all areas.

(b) An emergency exit has been installed to provide a secondary means of egress from the Memorial Chamber level to the roof top of the connecting passageway; from there, removal would be affected by fire department aerial ladder.

(c) As a temporary measure pending renovations, to provide a safe haven within the Tower, a fire resistant plate glass smoke barrier has been attached to the metal grille gate at the entrance to the Tower.

(d) A program to provide fire safe facilities for the public has been approved. It includes:

(i) Construction of a fire rated enclosed stairwell from the Observation Deck to the Memorial Chamber level.

(ii) Construction of two haven areas at the 74 foot level and one floor below the Observation Deck.

(iii) Installation of a sprinkler system in the occupied areas.

(iv) Standpipe hose stations located adjacent to the safe haven areas.

(v) Approved fire separation doors at the entrance to the Peace Tower.

## 3. Parliamentary Library

(a) The fire alarm system was upgraded in 1977/78 to comply with current codes and standards.

(b) A heat detection system is installed in all areas of the library and storage areas. Upgrading of the system was carried out in conjunction with the fire alarm system upgrading in 1977/78.

(c) Smoke detectors are installed in the dome level of the Library.

(d) Magnetic door holders are installed on all fire separation doors. Doors release and close on fire alarm activation or power failure.

(e) A water standpipe and hose system is installed to provide coverage to all areas.

## 4. West Block

(a) A new fire alarm system meeting present codes and standards was installed in 1977/78.

(b) Heat detectors, connected to the fire alarm system, are installed in mechanical rooms, storage areas, and at the head of stairwells.

(c) Fire separations have been provided in corridors of all floors to control the spread of fire. Installed doors are controlled by magnetic holders which release and allow doors to close on fire alarm activation or power failure.

(d) Closed circuit TV surveillance has been provided to provide security coverage at exist doors which were previously locked.

(e) Emergency lighting system is connected to the generator plant at Cliff Street.

## 5. Confederation Building

(a) The fire alarm system was upgraded in 1977/78 to meet present codes and standards.

(b) Heat detectors connected to the fire alarm system were installed in 1977/78 in all mechanical rooms, storage rooms, heads of stairwells and the complete sub-basement area.

All main stairwells are enclosed to meet fire separation requirements and provide a safe means of egress.

(d) Magnetic holders are installed on corridor inter-connecting doors which release and allow doors to close on activation of fire alarm system or power failure.

(e) Emergency lighting is provided by a generator located in the sub-basement of the building.

(f) Program has been approved to install closed circuit TV surveillance of ground floor exist to permit the removal of locking devices on the doors.

(g) A sprinkler system was installed in 1979 covering the basement and sub-basement areas.



(h) Smoke detectors are installed in the air circulation system of the building and connected to the fire alarm system.

#### 6. East Block

The East Block which is at present under restoration, will incorporate fire protection features designed to provide adequate fire protection. During restoration, the fire alarm system is in operational condition, all floor water standpipe hose systems are operational and extra hand extinguishers were provided.

When completed, the following fire protection features will be in place:

(a) Building will be completely sprinklered except for designated areas which will be protected with heat detectors (i.e. electrical rooms).

(b) Four enclosed stairwells are being provided to permit safe egress from all floor levels.

(c) A fully supervised fire alarm system will be installed.

(d) Fire separations will be provided to control the spread of fires at each floor level.

(e) A water standpipe and hose system will be installed to provide coverage to all areas.

(f) Portable fire extinguishers will be provided in accordance with fire codes and standards for this type of occupancy.

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## THE SENATE

Wednesday, October 31, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### QUESTION PERIOD

[English]

#### THE ECONOMY

##### GOVERNMENT POLICY

**Senator Perrault:** Honourable senators, I have a question for the Leader of the Government in the Senate, and the Minister of Finance. I should like to ask the leader a question with respect to the government's economic policy.

During the election campaign, the leader will recall, his leader, now the Right Honourable the Prime Minister, stated that Mr. Trudeau was wrong when he suggested that, in view of the world economic situation, Canadians might have to lower certain economic expectations. Yesterday the Honourable Minister of Finance, a colleague of the Minister of Justice, stated, and I quote:

Canadians will have to lower economic expectations perhaps for several years to help the government keep the inflation down.

There is some confusion in the country today, Mr. Leader, and the questions are: Will the minister inform the Senate whether the Right Honourable Joe Clark was wrong and misguided in May and that there has been another agonizing policy flip-flop by his government, or is the Minister of Finance misguided and in fundamental disagreement with his leader? Finally, in the minister's view, is the Minister of Finance wrong today? I appeal to the Leader of the Government to assist us along the proper path of thinking here and end the confusion.

**Senator Flynn:** Honourable senators, the Leader of the Opposition has given a rather short speech today. He usually speaks much longer than that. He has put questions before the Senate which, I suggest, he should put as a Notice of Inquiry at the first opportunity. We could then have a full debate on the subject.

**Senator Perrault:** It should not require a Notice of Inquiry or a special Senate debate for the Leader of the Government to tell us whether in his view the Prime Minister of this country, supported by his cabinet colleagues, believes that we should look forward to the future with positive expectations or whether we should dampen our expectations. Surely these are some of the simplest and most fundamental questions that could be directed toward any government.

**Senator Flynn:** We are able to look to the future with great optimism, not worrying too much about the comments made by the Leader of the Opposition. I should not have to tell him that there is a difference between a debate and a question.

**Senator Perrault:** Then I take it from the minister's response that in his view the Minister of Finance is wrong, for he has suggested that we should look forward confidently to the future, that we should not reduce our expectations. Is that the reply?

**Senator Flynn:** The reply is that the questions of the Leader of the Opposition would require a full debate in order to have the two texts placed in their proper context. Possibly that is one thing that does not appeal to the Leader of the Opposition.

I suggest to him that his questions warrant a good debate, and I also suggest that the way to deal with problems like that is to place a Notice of Inquiry on the order paper and then proceed with it.

**Senator Perrault:** Honourable senators, I suggest that the Leader of the Government's circumlocution and obfuscation hardly advances the total of human knowledge on this particular subject. I do not wish to be unfair, but it seems to me that the leader is attempting to evade the question.

#### ENERGY

##### PRICE OF DOMESTIC OIL—STATEMENT BY PREMIER OF ALBERTA—GOVERNMENT ATTITUDE

**Senator Perrault:** Honourable senators, may I pose another question to the Leader of the Government? There are many premiers in Canada who do not feel serene about the future of their provinces and this country as a result of certain statements attributed to the Premier of Alberta. The Honourable John Buchanan of Nova Scotia stated last night—and many senators heard this on national television—that "if, suddenly, the cost of oil in Nova Scotia went to the world level, or the Chicago level, which is at present below the world level, it would be absolutely disastrous in any economic or social sense."

This is a premier who obviously feels that his province may well be asked to reduce its expectations. My question is: Has the minister had an opportunity, even at this late date, to study the text of the speech made over two days ago in Vancouver by the Premier of Alberta? Have members of the cabinet discussed the contents of that speech, and is the government of this country prepared to take the necessary action, such as use of the declaratory power, in order to assure that Mr. Buchanan's concerns and the concerns of other Canadians can be allayed?



**Senator Flynn:** The more the Leader of the Opposition speaks, the more I am convinced that he should seek a full debate on this matter in the Senate. It is not by questions and answers that he will find solutions to the problems to which he refers. In any event, I have not seen the text of Premier Lougheed's speech. I do not even know if there was a text. I heard part of the speech on television, and it seemed to me that the premier was speaking without a text.

But perhaps my honourable friend, who seems to have a pile of newspaper clippings and other information, would yield to my advice and give notice of an inquiry so that we could debate the matter of his not expecting an improvement in our standard of living at this time. The present and the future are two separate things, of course. In any event, I suggest that if I were to reply to all the questions that you have put and deal with the general problems you have underlined, it would take a very long time. Why don't you give notice of an inquiry and then make a long, long speech? With your imagination you could speak for two hours.

**Senator Olson:** I wonder if the Honourable the Leader of the Government in the Senate would answer a very simple question with a very simple answer.

**Senator Flynn:** I have heard of those simple questions before.

**Senator Olson:** Does he, as Minister of Justice know, or do other ministers in the federal government know, what the Premier of Alberta said in his speech in Vancouver, in which he was stating government policy, not issuing threats, with respect to what he was going to do if a negotiated agreement was not arrived at? Is the government aware of what is in that speech?

**Senator Flynn:** Well, I heard what you heard. I can draw my own conclusions at this time, but it would not be very useful to give them to you, since we are in a period of negotiation. I do not think it would be very wise, either for me or for the distinguished new Deputy Leader of the Opposition, to dig into that at this time just for the sake of political advantage.

**Senator Olson:** Honourable senators, to accuse us of seeking political advantage by expressing concern for the welfare of Canada is not acceptable. We want to know whether the government is aware of the contents of that speech, that declaration, since it was a statement of provincial government policy—and there is no question about that. The Honourable Leader of the Government said he could draw some conclusions about it. Have he and his colleagues drawn any conclusions about what the federal government is going to do, and which powers it is going to use, in the absence of a negotiated agreement?

**Senator Flynn:** I would say that the government remains very confident that a solution by way of consultation will be arrived at. That is our position. I hope you would want to concur in this and that you are not hoping that the negotiations will break down.

**Senator Olson:** Honourable senators, I certainly am not; but I also know that the Prime Minister said some time ago that in arriving at a solution to this dispute he would use neither the declaratory power nor the Petroleum Administration Act. Therefore, I am curious as to what basis they are going to use in the absence of a negotiated settlement.

● (1410)

**Senator Flynn:** We have heard that negotiations will result in a satisfactory solution. In due course we will consider other ideas, but I do not think we should proceed with negotiations on the assumption that they will not result in a satisfactory settlement. Do you suggest otherwise?

**Senator Perrault:** As a supplementary, is it anticipated that an agreement will be achieved between the federal government and the Province of Alberta before a long cold winter is ended?

**Senator Flynn:** I am quite confident that we will reach a solution.

**Senator Perrault:** May I observe, however, that if the text of that Lougheed speech has yet to be received in Ottawa, there is little hope for any speedy government action in the future. That important speech must be coming from the west by smoke signal.

**Senator Flynn:** It may be a good thing that it does not reach us too soon.

#### PROFITS OF OIL COMPANIES—GOVERNMENT MONITORING

**Senator Frith:** Honourable senators, I have a question for the Minister of State for Economic Development, which perhaps the Leader of the Government would pass on to him. Last week I asked if he would tell us what criteria were being applied by the Department of Finance in judging whether any windfall profits as a result of the interest rate increase were undue. If I understood his answer yesterday to a question by Senator Croll, he said that that department was also monitoring the profits of the oil companies. I wonder if the leader would be good enough to pass on my question so that the Minister of State for Economic Development might add to his response the criteria that are being applied to undue oil profits as well. Perhaps sometime next week he could let us know when we might expect to receive an answer to that question.

**Senator Flynn:** I certainly will inquire from the Minister of State for Economic Development.

**Senator Lawson:** I should like to ask a supplementary on the same subject. I am not making a speech as an independent member of this chamber, and I am not looking for political advantage. Some months ago there was a report from the United States that the auditor had determined that there had been overcharging by 15 of the leading oil companies of something like \$4.8 billion. Last week a report came out amending that figure and indicating that in fact it was \$5.2 billion, which is the equivalent of a difference of five cents on a gallon of gas. There is evidence to indicate that some of the

same companies doing business in Canada have also been guilty of overcharging in this country.

My question to the leader is this: Is it the intention of this government to take any steps to at least deal with the Canadian sections of those companies that have been found guilty of price gouging or rip-offs? Does the government intend to investigate them in Canada to determine if that is happening and, if so, to prevent it?

My concern is twofold. The United States report indicates that they do not expect to recover any of this overcharging for at least 15 years because apparently the oil companies are going to use the interest from the overcharge, totalling six to seven hundred million dollars a year, to fight the government in its attempt to have it returned to the people. In order to prevent the same experience in Canada, does the government intend to take similar precautionary measures?

**Senator Flynn:** I may tell the honourable senator that an investigation has been under way for some time and it is continuing.

## ADMINISTRATION OF JUSTICE

### SALARIES OF JUDGES

**Senator Lawson:** Honourable senators, I should like to pose a question to the Leader of the Government, in his capacity as Minister of Justice. In the last Parliament, some legislative steps were contemplated concerning salary increases for federal judges. There was also someone from Winnipeg appointed to investigate this matter.

Salary increases for federal judges had formerly been tied to those of members of the other place and members of this chamber, but somewhere along the line the federal judges were dropped off. It is my understanding that no salary increases have accrued to federal judges for a number of years, and that they have not been the beneficiaries of indexing.

● (1415)

Does the government contemplate dealing at an early stage with this very unfair situation for federal judges, many of whom, in my understanding, have made considerable financial sacrifices by leaving their law practices to go to the bench? Are any steps contemplated by the Minister of Justice or the government to correct this very serious inequity?

**Senator Flynn:** I can assure the honourable senator that this problem has been one of my main preoccupations since I became Minister of Justice, and I hope to be able to introduce legislation to deal with the problem within some weeks.

**Senator Lawson:** Thank you.

## CRIMINAL CODE

### FEDERAL-PROVINCIAL CONFERENCE OF MINISTERS RESPONSIBLE FOR CRIMINAL JUSTICE

[Translation]

**Senator Robichaud:** Honourable senators, I have a question for the government leader, Minister of Justice and Attorney

[Senator Lawson.]

General. On October 25 and 26, the provincial attorneys general met to discuss certain aspects of the Criminal Code. Was the matter of capital punishment discussed and, if not, should it not be discussed at a later meeting of the attorneys general with the Minister of Justice for Canada?

**Senator Flynn:** I would like to thank Senator Robichaud for advising me of his question.

The matter of capital punishment or its reinstatement was not on the agenda of the conference. Other issues were discussed concerning the Criminal Code, such as an in-depth review of the Code, which the attorneys general agreed to undertake in cooperation with the Department of Justice.

We discussed the government's short-term intentions to make some amendments to the Criminal Code. But the issue of capital punishment was not on the agenda and was not discussed at the assembly.

It may of course have been discussed privately, but there is no question of having discussions on this matter for the moment. Nobody requested it and unless a specific request is put forward, we do not plan to take it up again. The senator is, of course, well aware of the government's position, which is to keep the status quo, that is abolition, even though there will be a free vote should a bill to this effect be introduced for Commons or even Senate approval.

**Senator Robichaud:** On a supplementary.

**Senator Flynn:** Yes.

**Senator Robichaud:** The government leader has just told us that it is not the intention of the attorneys general to put this question on the agenda of future meetings. But does he intend to consider the matter with the attorneys general?

**Senator Flynn:** I would say no, unless there is a specific request to that effect, because the government's position is quite clear: we are in favour of maintaining the abolition of capital punishment, while leaving it up to Parliament to change that by a free vote.

In passing, I do not know if this is of interest to honourable senators, but I have here the final communiqué of the conference of ministers responsible for the administration of criminal justice and of their talks on October 25 and 26, 1979. I can table it or ask that it be appended to today's proceedings, as you wish.

● (1420)

[English]

**Senator Olson:** Table it, if you wish.

(For text of communiqué see appendix, p. 233.)

## DECRIMINALIZATION OF USE OF MARIJUANA

**Senator Haidasz:** I have a supplementary question on the same subject, the recent meeting of the attorneys general of the provinces of Canada. In view of the lenient attitude of the law enforcement officers and the judiciary that amounts to a virtual *de facto* decriminalization of marijuana use, does the Leader of the Government, in his capacity as Minister of



Justice, agree with this attitude, and, if so, does he intend to present in this session of Parliament any kind of legislation to deal with this important matter?

**Senator Flynn:** I can tell the Honourable Senator Haidasz that as far as the administration of criminal justice is concerned, in some cases it is the responsibility of the attorneys general and in other cases it is the responsibility of officials in my department. But, of course, one cannot dictate to the members of the bench, who deal with these matters, the attitude they should take. They are operating within the law as it is.

With respect to doing something about the use of marijuana or cannabis, I think the position of the government has been explained on several occasions. First, we are looking at the problem from the viewpoint of health; and, secondly, to determine whether it would be appropriate, not to legalize but to decriminalize the offence of simple possession. The Minister of National Health and Welfare, the Solicitor General and my department are looking into this problem, and eventually a position will be taken by the government and communicated to Parliament.

## THE ECONOMY

### PROGRESSIVE CONSERVATIVE PARTY CAMPAIGN PROMISES

**Senator Bosa:** Honourable senators, I have a question for the Leader of the Government in the Senate. Could the leader inform this house whether the Minister of Industry, Trade and Commerce is going to be absent for the balance of the Question Period today?

**Senator Flynn:** I am not certain, but I am afraid he will be. I am very sorry for all of you.

**Senator Bosa:** There has already been a great deal of criticism concerning a minister of the Crown who has the responsibility of a very important portfolio in this government and who is not in the other place to answer the important questions he ought to be answering to the elected members of Parliament. At present, the Senate sits only three days a week, and, consequently, the senator gets limited exposure.

Could the Leader of the Government in the Senate tell us if the minister is going to absent himself even from this very limited exposure?

**Senator Flynn:** I find it rather amusing that you speak of limited exposure. If he were here only one day, it would not be limited exposure. In any event, I think it is accepted in the other place that a minister may be absent from the other place when necessary. I was away last week because I was attending the Federal-Provincial Conference of Ministers Responsible for Criminal Justice.

I am very sorry that you may have to delay your question a day or two. Of course, the weekend is longer here than it is in the other place—but perhaps we need it.

**Senator Bosa:** Then, may I put this question to the Leader of the Government in the Senate? Since the Conservatives

made a number of promises during the election campaign—promises they say they cannot keep now that they have formed the government, because they say they have found the economy to be in a much worse state than they had anticipated—can the Leader of the Government point out which areas of the economy they have found to be different from what they had anticipated, since the rate of inflation was known, the rate of unemployment was known, the amount of the deficit was known, and the devaluation of the dollar was known? All the major factors that go into determining what the economy is were public knowledge. What area of the economy then surprised the honourable gentleman and his colleagues in government?

● (1425)

**Senator Flynn:** First of all, I would suggest that Senator Bosa team up with the Leader of the Opposition for a major debate on all these questions, because they are related. I think we could have a two-day debate on these questions, which would be a long debate in the Senate.

What do you find today that is worse than when the Liberal Party formed the government?

**Senator Bosa:** I am not engaging in a debate with the minister. I am merely seeking information. He is introducing an argument into the question.

It has been stated time and again during Question Period—even by Senator de Cotret, who referred to this matter last week—that the state of the economy prevented this government from implementing certain of their promises. The reason given was the state in which the economy was when they inherited it on June 4. They said it was worse than they thought it was. Could the minister point out those areas?

**Senator Flynn:** I feel it is not proper to engage in a debate on these issues at this particular time. Again, I would suggest to Senator Bosa that he put a Notice of Inquiry before the chamber. With all this in mind, he could probably obtain a reply in a half-hour speech.

## INTERNATIONAL DEVELOPMENT

### CURTAILMENT OF FOREIGN AID—STATEMENT BY MINISTER

**Senator Olson:** Honourable senators, I should like to direct a question to the Minister of State for the Canadian International Development Agency. According to a Canadian Press report, the minister announced yesterday in Montreal that he will cut the foreign aid budget by \$90 million.

First of all, could the minister tell us whether it will be his practice to make such statements outside this chamber, since he was in it on that very day.

Secondly, after clearing that up, could he provide some details of what aid will be cut, and so forth? A few days ago he said that there would be no change in the guidelines until the committee, which is not even in existence yet, reports some time next June.

[Translation]

**Senator Asselin:** Honourable senators, during the speech I delivered yesterday in Montreal before the France-Canada Chamber of Commerce I did say that budgets "could be cut by \$100 million". Of course I meant next year, not this year!

The fact is that the policy of budgetary restraints followed by the government applies to CIDA as well as to other departments and that we will have to tighten our belts and make cuts in our budgets to meet the requirements of the Treasury Board.

[English]

**Senator Olson:** May I take it, then, that the press report is wrong and that you did not positively state that there would be a \$90 million cut? It states in the report that the minister had finally persuaded Treasury Board to accept his plan for tightening control over CIDA and, along with that, that they also accepted the \$90 million cut in aid. Is that accurate or inaccurate?

[Translation]

**Senator Asselin:** Obviously, honourable senators, the Treasury Board asked CIDA as well as all other departments and agencies to review their estimates for next year in order to cut unnecessary expenses.

We have submitted proposals to the Treasury Board. It would seem that they were found reasonable.

As for the actual implementation of policies and decisions, this will be announced in due time in the house, and we will then say in which areas CIDA would make cuts.

● (1430)

[English]

**Senator Olson:** Now that the minister has said that there will be a reduction of \$90 million, could he indicate the product or products which will be affected—whether it will be flour, skim milk powder, fish powder, or whatever—so that the people supplying certain food products and other commodities to CIDA will know where they stand?

[Translation]

**Senator Asselin:** I have already mentioned, honourable senators, and I repeat that every time we have to make cuts in the field of food aid, we undertake a very serious study. It is not without a full consideration of the consequences that we go along with food aid cuts.

I repeat what I have said. But of course, we have to fully review all the project proposals, all the discussions we had with other countries about new projects to be subsidized by CIDA. Considering future budgetary cuts, we wonder if we will be in a position to go ahead with those new projects which were discussed with other countries.

[English]

## THE ECONOMY

### INFLATION—GOVERNMENT'S DEFINITION OF "SHORT TERM"

**Senator Robichaud:** Honourable senators, my question is intended for the Minister of State for Economic Development,

[Senator Olson.]

who is not now in the chamber. As notice to Senator de Cotret, I shall put my question to the Leader of the Government in the Senate.

In view of the fact that prior to May 22 of this year the official opposition, both in the Senate and in the House of Commons, was bitterly and incessantly criticizing the government of the day in relation to measures taken to combat (a) inflation, (b) cost of living in general, (c) interest rates, and (d) unemployment; in view of the fact that the present government—through the Minister of Finance and the Prime Minister, as well as others in high office—must recognize that inflation, cost of living, interest rates, the price of oil, et cetera, et cetera, et cetera, are on the increase; and in view of the fact that both the Minister of Finance and the Prime Minister stated emphatically that measures taken at the present time are merely temporary, as witnessed by the answer given by the Prime Minister at his press conference of October 19, 1979—and I quote:

Nobody wants higher oil prices. Nobody wants higher interest rates, but in order to bring some strength to the Canadian economy, we have to contemplate those in the short term.

—I would like to know the minister's definition of the expression "short term." Is it one month? Is it a year? Is it the length of a Parliament? Is it a decade? Is it a generation? What is the minister's definition of "short term"?

**Senator Choquette:** A good question.

**Senator Flynn:** Honourable senators, I move the adjournment of the debate!

**Senator Robichaud:** This was not a debate. I would simply like to know, either from the Leader of the Government in the Senate or from the Minister of State for Economic Development, this government's definition of "short term."

**Senator Flynn:** Honourable senators, on behalf of the Minister of Industry, Trade and Commerce, I move the adjournment of the debate!

[Translation]

## INTERNATIONAL DEVELOPMENT

### CURTAILMENT OF FOREIGN AID—STATEMENT BY MINISTER

**Senator Lamontagne:** Honourable senators, I have a supplementary question to those already put by Senator Olson to the Minister of State for CIDA. First I would like to congratulate him on the very generous aspects in his speech yesterday in Montreal.

I would like to ask him if he could tell us now why he disagrees with what he called the reflections contained in a recent speech made in Toronto by the Secretary of State for External Affairs when she said that from now on only friendly countries would be getting assistance from Canada?

**Senator Asselin:** I did not disagree with the minister's statement. I simply said that when Canada gave a lot to certain countries in the form of grants and contributed to the development of those countries, a Canadian Crown minister, a



federal minister, has the right to comment on statements made by those countries, particularly when a non-aligned country goes as far as calling Canada an imperialist country. It is in that context that Miss MacDonald made her statement. I think she was totally justified in doing so.

**Senator Molgat:** Honourable senators, I have a supplementary for the same Minister of State for CIDA.

If I understand correctly, he is now telling us that the report we have from the Canadian Press is not correct. He did not make that statement.

**Senator Asselin:** No, no, that is not what I said.

**Senator Molgat:** Well, I understood he had not made the statement yesterday in Montreal that he was indeed going to cut the budget by \$90 million.

**Senator Asselin:** I did say that.

**Senator Molgat:** You said that, well, okay then. So if you did say that, could you also confirm another section of the same report indicating you were going to increase the staff of the agency, is that right?

**Senator Asselin:** No, not necessarily the agency. Perhaps I could explain that to honourable senators.

The management of CIDA, starting with its president, has undertaken to restructure the financial control of the agency. To do that, the comptroller of the agency wanted to have additional help to exercise stricter control. I went to Treasury Board and told them that to have stricter control at CIDA over our expenditures, in our bookkeeping and the monitoring of our projects abroad, the financial comptroller of CIDA would need 16 resource people to help him set up tight structures. After consideration, Treasury Board thought the suggestion made sense and I was trying that way to save Canadian taxpayers some money by trying to cut down further on expenses, and Treasury Board decided to give the agency those 16 people.

**Senator Molgat:** So, if I understand correctly, honourable senator, you are going to cut aid abroad to increase internal spending?

**Senator Asselin:** You did not understand correctly. What I said is this: If I have a stricter control over our expenses, I might very well have more money for foreign countries.

**Senator Flynn:** Not everyone can understand that.

**Senator Rizzuto:** Honourable senators, I also have a question for the Minister of State for CIDA. On October 10, during Question Period, at page 23 of *Hansard*, you informed this house that you would be setting up a joint committee of both houses before changing the policy regarding assistance to under-developed countries. Based on your statements yesterday before the Chamber of Commerce, are we to understand that you changed your mind?

**Senator Asselin:** Honourable senators, what I meant was that there is a difference between the administration of an agency and the orientation in its policy. Yesterday I talked

about the administration of CIDA, about certain cuts that should be made in its budget.

As for the orientation of our policy concerning assistance to foreign countries, what will it be in the future? I said and I repeat that there will be a parliamentary committee which will consider that matter. Furthermore, since the committee will give thorough consideration to that new orientation in light of working papers to be submitted by CIDA and the cabinet, then after completion of those studies when we will know the findings of that parliamentary committee we will take the appropriate decision.

I also want to add what I had said at the time, and I say again today, that such parliamentary committee should be a joint committee of the Senate and of the House of Commons.

● (1440)

[English]

## ENERGY

### PROFITS OF OIL COMPANIES—GOVERNMENT INVESTIGATION OF ALLEGED PRICE GOUGING

**Senator Everett:** Honourable senators, I have a question for the Minister of Justice. Earlier he was asked whether or not the Department of Justice is investigating the possibility of price gouging by Canadian subsidiaries of world oil companies operating in the United States.

**Senator Flynn:** I did not speak of Canadian subsidiaries, senator.

**Senator Everett:** I believe Senator Lawson did, but I will amend the question to say "companies operating in Canada."

Could the Minister of Justice give us the definition of "price gouging" that is being used in the investigation that he said is under way?

**Senator Flynn:** I certainly could not. This investigation is the responsibility of the Director of Investigation under the Combines Investigation Act. He has the responsibility of determining, as he proceeds, what is or is not relevant, and what are the factors they should take into account.

**Senator Everett:** I have a supplementary question. The minister indicated to Senator Lawson that an investigation was under way into the possibility that there was indeed price gouging. The indication given by Senator Lawson was that that price gouging was based on the situation that obtained in the market itself and was not necessarily the result of a conspiracy or of some form of retail price maintenance.

I took it from the tone of the minister's answer that he was quite informed on the investigation that was being made, and it appears to me from his answer that his department is making an investigation that would be tantamount to interfering with the market mechanism, and is not confined merely to a question of conspiracy or of retail price maintenance. Is that the minister's answer?

**Senator Flynn:** No, no. The investigation would come under the Combines Investigation Act, and I suppose it would be controversial, but if there is nothing illegal in what has been

accomplished by the companies, I do not think the investigation would need to be long.

I should point out that the investigation is not under my department. I have been asked for advice on it, but that is all.

[Translation]

### JOINT COMMITTEES

#### REQUEST FOR REFERRAL OF D'AVIGNON REPORT AND REPORT OF COMMISSIONER OF OFFICIAL LANGUAGES

**Senator Marchand:** Honourable senators, about ten days ago, I asked the Leader of the Government whether he and his colleagues would agree to refer the D'Avignon report to a joint committee of the Senate and the House of Commons. Without giving a definite answer, he said he would be pleased to discuss this with his colleagues.

Since then, I have read the report of the Commissioner of Official Languages, which is a very important report. The question I want to ask is in two parts.

First, I would like to know whether the honourable senator has had the opportunity to discuss this matter with his colleagues and, if not, whether he would object to including the Yalden report with the D'Avignon report when he does discuss it. A glance at both reports has convinced me that there is a strong relationship between the two and that it would be interesting for the committee to have both documents at its disposal.

**Senator Flynn:** I appreciate the suggestion. I should tell Honourable Senator Marchand that Mr. Joyal has asked the Prime Minister in the House of Commons to refer the Yalden report to a joint committee of the House of Commons and the Senate and I know that the Prime Minister is now considering these possibilities. I will suggest to him that consideration of the D'Avignon report could be added to the terms of reference of this joint committee.

### FOREIGN AFFAIRS

#### REQUEST FOR TABELING OF SPEECHES

**Senator Lamontagne:** May I put a question to the Minister of State responsible for CIDA and ask him simply if he can table a copy of the speech he made yesterday in Montreal and a copy of the statement made by the Secretary of State for External Affairs in Toronto, I believe, at the end of September or in early October, as well as of the statement made by Mr. Doug Roche, Parliamentary Secretary to the Secretary of State for External Affairs, before the United Nations in New York recently.

**Senator Asselin:** I shall be very happy to table, first of all, the speech that I made yesterday before the Chamber of Commerce. In passing, I might tell honourable senators that it was an excellent speech. I was very well received by those present. As for the other documents, I shall first enquire and I shall certainly table them shortly.

**Senator Flynn:** Would you want them to be tabled here or sent directly to you?

[Senator Flynn.]

**Senator Asselin:** Would the honourable senator want me to send him a copy or to table the documents in this house?

**Senator Lamontagne:** I do not mind one way or another. If others are interested in reading these documents, it might be better to table them.

[English]

### METRIC CONVERSION PROGRAM

#### GOVERNMENT POLICY

**Senator Bosa:** Honourable senators, I have a question for the Leader of the Government in the Senate concerning metrication and the position of this government in connection with it.

The three main areas of trade between Canada and the United States are the auto industry, forestry, and mining, and my understanding is that in these three areas metrication has been achieved in excess of 60 per cent.

Comparing Canada with other countries, I understand that Australia has already had full conversion to metrication, that England is well on its way to becoming completely metrified, and that the United States has indicated a similar disposition. When will this government clear the air and clear up the uncertainty that prevails in the minds of Canadians concerning this policy?

**Senator Flynn:** I do not know if there is any misunderstanding in the minds of the public. If there is, it is probably due to the position taken by the former government, because since then nothing has taken place to add to the confusion, if there was any.

I hope the honourable senator understands that the United States is behind us in the process of metrification, if I may refer to it in that way.

In any event, I know of nothing at this time that would suggest that there is anything to worry about in the process. However, I will inquire of the Department of Industry, Trade and Commerce and I will report.

**Senator Bosa:** I have a supplementary question. It was the deputy leader who informed us, while the leader was absent last week, I believe, that this government was reviewing the entire policy on metrication. That is what prompted my question.

**Senator Flynn:** That is quite possible. I must say I was not aware of it, but I would doubt that there would be a complete review. Perhaps there would be a review in some areas.

### STANDING COMMITTEES

#### FIRST REPORT OF COMMITTEE OF SELECTION ADOPTED

The Senate proceeded to consideration of the first report of the Committee of Selection, which was presented yesterday.

**Senator Macdonald:** Honourable senators, I move, seconded by the Honourable Senator Roblin, that the report be now adopted.



● (1450)

Motion agreed to and report adopted.

### **LIBRARY OF PARLIAMENT**

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

**Senator Macdonald** moved:

That a message be sent to the House of Commons by one of the Clerks at the Table to inform that house that the Honourable Senators Bélisle, Bell, Cameron, Choquette, Fournier (de Lanaudière), Fournier (Madawaska-Restigouche), Hicks, Phillips, Quart, Rousseau, Rowe, Sullivan and Thériault have been appointed a committee to assist the Honourable the Speaker in the direction of the Library of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said Library.

Motion agreed to.

### **PRINTING OF PARLIAMENT**

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

**Senator Macdonald** moved:

That a message be sent to the House of Commons by one of the Clerks at the Table to inform that house that the Honourable Senators Adams, Anderson, Bielish, Bonnell, Bosa, Charbonneau, Choquette, Eudes, Fournier (Madawaska-Restigouche), Fournier (Restigouche-Gloucester), Guay, Lewis, Macquarrie, McGrand, Muir, Rizzuto, Sullivan, Williams and Wood have been appointed a committee to superintend the printing of the Senate during the present session and to act on behalf of the Senate as members of a joint committee of both houses on the subject of the Printing of Parliament.

Motion agreed to.

### **RESTAURANT OF PARLIAMENT**

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

**Senator Macdonald** moved:

That a message be sent to the House of Commons by one of the Clerks at the Table to inform that house that the Honourable the Speaker, the Honourable Senators Bélisle, Godfrey, Hicks, Inman, Norrie and Quart have been appointed a committee to direct the management of the Restaurant of Parliament, so far as the interests of the Senate are concerned, and to act on behalf of the Senate as members of a joint committee of both houses on the said Restaurant.

Motion agreed to.

### **REGULATIONS AND OTHER STATUTORY INSTRUMENTS**

MESSAGE TO COMMONS—SENATE MEMBERS OF JOINT COMMITTEE

**Senator Macdonald** moved:

That a message be sent to the House of Commons by one of the Clerks at the Table to inform that house that the Honourable Senators Doody, Godfrey, Lafond, Nurgitz, Riley and Sherwood have been appointed to act on behalf of the Senate as members of a joint committee of both houses on Regulations and other Statutory Instruments.

Motion agreed to.

### **STANDING COMMITTEES**

NOTICE OF ORGANIZATION MEETINGS

**Senator Roblin:** Honourable senators, before we proceed further with the Orders of the Day, and if I may have permission to do so, I should like to draw the attention of the house to the dates suggested for the organization meetings of the various Senate committees. I trust that they meet with the approval of the house and that there will be a good attendance at those meetings.

**Senator Olson:** We agree.

### **POSTAL RATES BILL**

SECOND READING—DEBATE ADJOURNED

**Senator Bélisle** moved the second reading of Bill C-11, respecting certain postal rates.

He said: Honourable senators, before proceeding with Bill C-11, respecting certain postal rates, I should like to take this opportunity to express to the Honourable Allister Grosart my sincere felicitations on his appointment as Speaker of this august chamber. His experience and ability will undoubtedly make of him a prudent and able Speaker, and his many years in the Senate and his knowledge of the rules will assist him greatly in his present task.

[Translation]

Honourable senators, do allow me to tell you briefly just how much I appreciated the help of our former Speaker of the Senate, the Honourable Renaude Lapointe. To my mind, she is really one of a kind, in that she was at once very dignified and very competent. The newspapers had every reason to dub her "The Ambassador of the Senate".

I should also like to congratulate my leader, the Honourable Jacques Flynn, Leader of the Government in the Senate, Minister of Justice and Attorney General of Canada. When the media broke the news of his appointment, I am sure I was not the only one who rejoiced, because he proved his worth many long years ago.

As for the appointment of the Honourable Martial Asselin, I am convinced it helped the public understand just how important a role the Senate can play.

I was tremendously pleased to have acted as sponsor, along with the Leader of the Government, when the Honourable Robert de Cotret took his oath as senator and minister. His reputation as an economist was acquired in the other place, and especially as Chairman of the Conference Board in Canada.

If the newspapers and the media had any doubts about his being able to sustain the heavy fire of opposition questions, and to answer them, I am sure they have completely disappeared. His competence and his experience make him a favourite of the press. Might I add that, to my knowledge, no senator as young as he is has ever come to us so heavily burdened with responsibilities as head of two key departments. Who knows, perhaps the destiny of our country might make of him a future Prime Minister of Canada.

● (1500)

[English]

Honourable senators, it was with deep interest that I listened to the mover, the Honourable Senator Martha Bielish, and the seconder, the Honourable Senator Guy Charbonneau, of the motion for an Address in reply to the Speech from the Throne. As newcomers, they deserve our congratulations and respect. To all those who made their maiden speech, congratulations for a job well done. I hope that all those who were appointed either from the Liberal side or the government side will play an active role in this chamber.

Honourable senators, we are asked today to study Bill C-11, approved during second reading in the House of Commons, studied by the Committee of the Whole, and approved on third reading.

This bill pertains to measures respecting certain postal rates. First, let me point out that beginning in 1976, and continuing until 1979, the former Liberal government chose to institute increases in letter and second class postal rates by way of authorization by the Governor in Council pursuant to section 13(b) of the Financial Administration Act, rather than by presenting a bill to Parliament amending sections 10 and 11 of the Post Office Act.

The use of section 13(b) of the Financial Administration Act came about, presumably, because of the inability, or the unwillingness, of previous Postmasters General to obtain time in the House of Commons for consideration of amendments to the Post Office Act.

In its third report dated October 4, 1976, the Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments, considered that regulations setting new rates were *ultra vires* section 6 of the Post Office Act. It added that this use of the regulations amounted to an unusual and unexpected use of power conferred upon the Governor General in Council by section 13 of the Financial Administration Act. The fourth and sixth reports of the same committee reiterate those objections.

The legitimacy of using the Financial Administration Act was challenged in the courts. The decision was in favour of the position the former government had taken. That decision is

[Senator Bélisle.]

now before the Federal Court of Appeal. An adjournment was asked for by Postmaster General John A. Fraser. That adjournment was granted on the undertaking of the Honourable John A. Fraser to introduce into the House of Commons legislation that would, in a retroactive way, legitimize the rate increases made under the Financial Administration Act.

It is our understanding that should this bill meet with the approval of Parliament the appeal before the Federal Court will be withdrawn, but that is not the *raison d'être* underlying this bill. The plaintiff in the legal proceedings contended that what was being done was not according to the Constitution and was contrary to the proper practices of Parliament. The government's view is that as long as amendments to the Post Office Act exist as a means of rate adjustment, the Financial Administration Act is not the preferred method of increasing the letter and second class postal rates.

As Postmaster General John A. Fraser pointed out in the House of Commons:

Although the use of the regulation may be technically within the law, it is clearly less than acceptable to some members of this House, the Senate, and the Canadian public.

Passage of this bill will legally confirm the amendments to postal rates that were made by regulation, by deeming them to have been made under the Post Office Act, and will also protect Parliament against improper practices on the part of any government in the future. I will come back to this in a few minutes.

Honourable senators, may I point out that no objections were made on either side of the House of Commons at the time of second reading of the bill. While it nevertheless generated numerous interventions, the government was commended by certain members of the opposition for having presented Bill C-11. All of us have had the opportunity to read the House of Commons debate. Let me remind you of the real intent of the amendments made to section 13 of the Financial Administration Act when these were introduced in 1968 and 1969. The Honourable Mr. Drury, then President of the Treasury Board, stated, when he introduced these amendments, that there was no intention that section 13 would ever be used for such a purpose as the fixing of postal rates. From 1968 to 1976 no attempt was made to do so. It was in 1976 that this was done for the first time.

[Translation]

Let me point out, honourable senators, that until recently Parliament was responsible for fixing postal rates. Need I remind you that postal rates have a strong influence on people, on those who are called ordinary citizens.

If there is one principle that must be respected by Parliament it is the one allowing all concerned to make their views known when time has come to go and find money in the taxpayers' pockets, for instance through higher postal rates. This is the main feature of our legislative process.

I do not believe, honourable senators, that we are here to pass judgment on a political party or one or several of its



members. Our function consists essentially in ensuring that Bill C-11 submitted to us by the House of Commons is in the interest of all Canadians. And I am convinced that the interests of Canadians will be protected if Parliament corrects what I would call the misdemeanours of the previous government and if it eliminates all ambiguity in the Financial Administration Act by passing this bill.

If we read Bill C-11 we realize that the present government is anxious to eliminate controversial elements concerning the implementation of paragraph 13(b) of the Financial Administration Act. According to the spirit and the terms of Bill C-11, as long as it is possible to amend the Post Office Act to readjust first and second class rates there is no need to use the Financial Administration Act.

Honourable senators, I think that Senate members should not hesitate to support Bill C-11 which is aimed at protecting parliamentary practices and giving parliamentarians a chance to express their views about any increase in first and second class rates.

Honourable senators, if this bill gets your support, it might be referred to the Transport and Communications Committee but I do not see why. However we are at your disposal.

● (1510)

[English]

**Senator Godfrey:** Will the honourable senator permit a question? I was a member of the Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments which was highly critical of the practice of the former government. I listened with a great deal of interest to what the honourable senator had to say. During his speech, although he said that the government did not think it was necessary to use section 13(b), I do not think he stated definitely that the government would not use section 13(b) in the future. I just want to clear that up. Is it the undertaking of the government that in the future they will not use the Financial Administration Act, but will go by way of amendment to the Post Office Act, as had been done before 1976?

**Senator Bélisle:** I would answer my honourable colleague this way: I have read in the record that in 1968 the Honourable Mr. Drury said that we would not use it. The present minister has said that he will not use it. Does that answer the question?

On motion of Senator Deschatelets, debate adjourned.

## FUGITIVE OFFENDERS BILL

### SECOND READING—DEBATE ADJOURNED

**Senator Flynn** moved the second reading of Bill S-8, respecting fugitive offenders in Canada.

[Translation]

He said: Honourable senators, for most of us this bill is nothing new since an almost similar bill—and I will mention later the relatively small difference that is to be found in it—was once submitted to you. It went through first reading on January 31, 1978, was read a second time on February 2, 1978

and given third reading on February 22 of that same year. It was sent to the House of Commons and expired along with the last Parliament.

[English]

In the 97 years since Canada first passed its Fugitive Offenders Act, the sophistication and pervasiveness of criminal activity has increased dramatically. Geographic boundaries offer little hindrance to fleeing criminals and all countries must co-operate, and indeed are co-operating, ever more closely to ensure that lawbreakers find no sanctuary.

Bill S-8 replaces our sadly outdated Fugitive Offenders Act and amends the Extradition Act to enable us to meet our responsibilities and to play an effective part in the international fight against crime.

Many of the provisions of this bill are based on an agreement reached between Commonwealth law ministers at a meeting in 1966. The agreement settled upon at that meeting was called the Scheme Relating to the Rendition of Fugitive Offenders within the Commonwealth, and legislation based on this scheme is now law in almost 50 independent Commonwealth countries, dependencies, protectorates and associated states.

The bill consists of three main sections: The first contains a major revision of the Fugitive Offenders Act; the second amends the Extradition Act; and the third lists a "schedule" of returnable offences.

[Translation]

The Fugitive Offenders Act is the instrument allowing Canada to return to Commonwealth countries which recognize the Queen as their head of State some offenders who have taken refuge in Canada, and vice versa.

The Extradition Act provides similar agreements with all countries not part of the Commonwealth. It also allows Canada to negotiate the return of Canadian fugitive offenders. The Fugitive Offenders Act was first adopted in 1882 and it has not changed significantly in the last 96 years.

The changes introduced by this bill involve three main objectives: first, to see that the legislation be more closely adjusted to modern criminal activities and make its administration easier.

Second, to protect civil liberties of those who have fled racial, religious or political oppression, and third, to raise to over 70 the number of countries with which Canada can negotiate under the Fugitive Offenders Act.

Right now, any fugitive offender found in Canada can be apprehended and extradited to the country where he has committed his offence, and from which he has fled, provided the Fugitive Offenders Act applies in that country and the offence committed is punishable, under the legislation of the claimant country, by twelve months' imprisonment or more, with hard labour. Moreover, whether the offence committed is recognized as such or not under Canadian legislation is not considered. One problem which arises under this system is that nowadays few countries inflict sentences of hard labour.

So the amendments proposed in Bill S-8 introduce in a schedule a list of returnable offences. This schedule establishes a rule of "double offence"; in other words, Canada would allow a fugitive to be extradited only if the offence perpetrated in the claimant country is recognized as an offence under Canadian legislation as well. The same schedule applies to the Extradition Act and the Fugitive Offenders Act in the proposed bill.

The proposed schedule introduces a well detailed list of serious offences, such as homicide, kidnapping, aircraft hijacking, rape, counterfeiting, income tax evasion, and wilful non-support or abandonment of a child where the life or health of such child is likely to be endangered.

Moreover, this bill offers safeguards for the civil liberties of individuals. For instance, Canada could refuse to return a fugitive if the offence for which a country is seeking his return is an offence of a political character.

It should be emphasized however, in line with modern trends in the area of extradition, that Canada does not consider as an offence of political character the murder, kidnapping or other assault on a head of state, a head of government, a minister of foreign affairs, or a member of the diplomatic corps carrying out his or her duties outside his or her country. As you can see, this does not apply to a minister of justice, but only to a minister of foreign affairs or a prime minister. As a matter of fact, these persons are entitled to international protection under a United Nations convention which Canada signed in 1974.

This bill would amend the Extradition Act and the Fugitive Offenders Act in such a way that Canada could refuse to surrender a fugitive if, when surrendered, he is likely to be prejudiced at his trial by reason of his race, religion, sex, nationality, political opinion, or subjected to the full force of the law.

● (1520)

[English]

The bill provides that a person returned to Canada from a Commonwealth country may only be tried in Canada for the offence for which he is returned. Thus, if an individual is returned to Canada to be tried for income tax evasion, we may not, unless we first obtain the agreement of the returning country, try him for counterfeiting. Such a situation might arise where Canadian officials feel they lack sufficient evidence at the time of extradition to convince the returning country that the fugitive has committed the counterfeiting crime, but, on his return, turn up additional evidence. In such cases, the law applies the "rule of speciality," providing a 45-day grace period on the counterfeiting offence, before the fugitive could be charged with it.

Honourable senators will recall that, as I have mentioned, a similar bill to amend the Fugitive Offenders Act and the Extradition Act was introduced in the last Parliament, and it went through all stages in the Senate. At that time members of this house expressed serious concerns about a provision that would have given the Minister of Justice of Canada the

[Senator Flynn.]

discretion to refuse to surrender a fugitive to another country where the penalty for the returnable offence in question was death, and the country refused to give assurance that this penalty would not be imposed. I shared that concern, and so the bill before you provides that a decision to refuse the surrender of a fugitive on the grounds that he or she might be executed will be the responsibility of the full cabinet. A decision of this kind is a grave one, with serious implications in terms of both international law enforcement and human rights. Thus, the government believes that it should be addressed by the Governor in Council.

Honourable senators, I commend the bill to your approval.

On motion of Senator Neiman, debate adjourned.

## SAFE CONTAINERS CONVENTION BILL

### SECOND READING

**Senator Macdonald** moved the second reading of Bill S-5, to implement the International Convention for Safe Containers.

He said: Honourable senators, Bill S-5 is an act to implement in Canada the International Convention for Safe Containers. It will be remembered that a similar bill, known as Bill S-4, was given second reading in this chamber in December of 1977. It was considered in committee on February 8, 1978, and then passed here. However, it was not considered in the other place prior to the summer adjournment. It was again introduced here, with I think one amendment or change, as Bill S-3 in October of 1978 and duly passed. Again it was not considered by the other place, due to the dissolution of Parliament. The present bill has some technical changes, but no change of substance from the two prior bills.

I should add, as honourable senators will recall, that both the prior bills were sponsored here by Senator Petten, and on the 1977 bill especially he gave a very detailed explanation of its provisions. Perhaps I should also mention that if my remarks today should sound familiar, it is because I have borrowed heavily from the speeches given by Senator Petten when he was moving second reading on the two occasions I have mentioned.

**Senator Roblin:** Give credit where credit is due.

**Senator Macdonald:** Containers have made possible the transportation of cargo with a minimum of handling by sea, rail and road. Consequently, it has resulted in a more efficient and less expensive way of moving cargo and other kinds of freight. The use of containers is responsible for the development of new types of ships, railway cars, trucks and specialized equipment. However, with the movement of containerized goods from one form of transport to another, and from one country to another, it became evident that some form of international safety regulation was necessary. So, the International Convention for Safe Containers was adopted by the 1972 Conference on International Container Traffic, which was held jointly by the United Nations Economic Commission for Europe and the Intergovernmental Maritime Consultative Organization, a specialized agency of the United Nations. A



Canadian delegation participated in the development of this international convention and signed it, subject to its later ratification.

There are currently 22 contracting parties to the International Convention for Safe Containers, including the United States of America, the United Kingdom, Japan, the Federal Republic of Germany, France and the Soviet Union. The convention came into force internationally on September 6, 1977, following its ratification by the first ten countries. Full compliance with the convention will be required by September 6, 1982, on which date contracting parties to the convention will initiate container safety control measures at their frontiers. The convention has not as yet been ratified by Canada, a process which requires prior enactment of this legislation.

Implementation of this convention will provide the Canadian public with a system that involves a minimum level of regulation essential to maintaining the necessary degree of safety assurance required in the container industry. It will avoid possible disruption in the flow of Canadian containerized goods to and from the many countries which are contracting parties to the convention, and which will be checking containers entering their territories for conformity with the terms of the convention. Lastly, and perhaps most importantly, it will ensure that Canadian interests can benefit from uniformity in the application of national laws concerning safe usage of freight containers in international transport.

Honourable senators, it may be helpful at this point to briefly highlight the main provisions of the bill. First, the bill and the convention, which is a schedule to the bill, set out criteria for the safety approval of containers used in international transport, thereby providing for conformity by the Canadian container industry with internationally accepted minimum safety standards.

Secondly, container owners will obtain safety approval for such containers, and this approval is to be evidenced on each container by a safety approval plate. A valid safety approval plate will constitute a safety "passport," facilitating the movement of a container internationally. It is intended, under regulations pursuant to the act, that certification of containers will be done by utilizing organizations such as those already providing classification standards in Canada for shipbuilding and structural steel construction. I am speaking of organizations such as Lloyd's Register of Shipping, Bureau Veritas and the American Bureau of Shipping.

● (1530)

Thirdly, container owners will be required, in addition to the initial safety approval, to carry out periodic inspection of containers in accordance with approved procedures. If at any time there is evidence that the condition of a container is such as to create a risk to safety, the owner will be required to take such container out of service until it has been restored to a safe condition. Under the proposed regulations, compliance with the safety standards will be monitored by selective inspection of container approval and maintenance functions and by surveillance carried out by such personnel as customs inspectors, coast guard surveyors, CTC rail inspectors and civil aviation

inspectors at strategic entrance and exit locations across the country as part of normal duties and within existing resources.

Fourthly, structural safety requirements and tests, in addition to those specified in Annex II of the schedule to the bill, can be imposed only for purposes of air transport and for containers especially designed for the transport of dangerous goods or bulk liquids.

Fifthly, authority is provided under clause 6 of the bill for the Minister of Transport to direct an inquiry with respect to any accident or incident involving a cargo container where personal safety or property damage is a factor.

I should like to add, honourable senators, that extensive consultation has taken place with the container industry and, in addition, the provinces have been consulted and generally have no problem with the convention.

In closing, I believe it should be stated that the Canadian container industry has a fine safety record. The regulatory approach proposed to implement the International Convention for Safe Containers which has been developed in concert with the private sector and which has its support, will contribute significantly to the maintenance of this standard. It will achieve compliance with the convention with a minimum amount of industry control, and will deal responsibly with Canada's international interests and public safety requirements in this important transportation area.

Canadian ratification of the International Convention for Safe Containers will reinforce the use of world transportation safety standards and will ensure that Canadian containerized goods will continue to have an orderly flow to and from the many countries which have become contracting parties to the convention.

Honourable senators, since quite a period of time has elapsed since a similar bill was considered in committee and since there are some changes in this bill, I believe it would be useful if it was again referred to committee. So, if this bill passes second reading, I will move it be referred to the Standing Senate Committee on Transport and Communications.

**Senator Petten:** Honourable senators, as my honourable colleague Senator Macdonald said, I sponsored this bill on the two occasions it was before the house previously.

Senator Macdonald made an excellent presentation—far better than mine. There is nothing I can add to what he has already said. So, for our part on this side, if no other senator wishes to take part in the debate, we should be quite content to have the bill go to committee.

**Senator Olson:** How is that for being co-operative?

**Senator Roblin:** Perfect.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Macdonald** moved that the bill be referred to the Standing Senate Committee on Transport and Communications.

Motion agreed to.

## STANDING RULES AND ORDERS

### MOTION TO AMEND RULE 49(1)(c)

**Senator Bosa**, pursuant to notice of Thursday, October 11, 1979, moved:

That when the Committee on Standing Rules and Orders is set up, it be instructed to look into and report upon the advisability of amending rule 49(1)(c) of the Rules of the Senate for the purpose of simplifying the procedure applicable to a senator who abstains from voting.

He said: Honourable senators, the reason for my moving this motion is to simplify rule 49(1)(c), which is to be found at page 13 of the Rules of the Senate.

I would urge honourable senators to take out their copies of the Rules of the Senate so that they may follow what I am attempting to do. It can be seen that this particular paragraph in question reads as follows:

(c) a senator who declines to vote shall assign his reasons therefor, following which the Speaker shall submit to the Senate the question, "Shall the senator, for the reasons assigned by him, be excused from voting?", which shall be decided without debate.

It seems to me, honourable senators, that it is very incongruous for a senator to remain in his place and abstain from voting on a measure which he may find he cannot entirely support or vote against for reasons which I will explain in a moment.

I wanted to see if there was a precedent in the House of Lords. I did some research, and read chapter 4 of a book by Janet Morgan entitled *The House of Lords and the Labour Government 1964-1970*. The Standing Orders of the House of Lords have no similar voting procedure. The only way a member of the Lords may abstain from voting is by absenting himself from a division.

One of the realities in the Senate during this session is that there are 71 senators who have given their party affiliation as Liberal. There are 29 senators who have given their party affiliation as Conservative, and who are on the government side but in the minority. There are two senators who are Independent. Literally, any government measure that comes before this chamber could be defeated by the opposition, but I do not think the purpose of the Senate is to frustrate the will of the elected house.

There is a book entitled *How Parliament Works*, by E. Russell Hopkins, which, on page 21, states:

The Senate was never intended to be a competitor of the House of Commons in the field of legislation. It was conceived of and in the main has acted as a second chamber which, in the words of Sir John A. Macdonald, can take a "sober second look" at legislation initiated in the House of Commons.

● (1540)

Continuing on page 21, it further states:

As mentioned, the Senate was never intended to act as a competitor of the House of Commons, or, in the words of Sir Robert Borden, "to exercise its powers to the legal limit". It has never, for instance, resisted the adoption of a government measure for which the government has received a popular mandate in a general election. The Senate has been traditionally conscious of its special role in the legislative process, that it should act as a brake, rather than as a block, in relation to legislation originating in the Commons—

It seems hypocritical to me, honourable senators, that we should adopt the practice that has been adopted in the other place or the practice that has been adopted in the House of Lords—that is, in order to avoid voting in favour of or against a motion one should absent himself from the chamber. I think those senators who do not share the philosophy of a government measure which comes before this chamber ought to have the privilege to remain in their place and have their presence noted and their abstention also recorded.

For that reason, I move that this matter be referred to the Standing Committee on Standing Rules and Orders. I hope that honourable senators present will support this motion.

**The Hon. the Speaker:** I should point out that there is already a motion before the house. I thought Senator Bosa might have been adding a second motion.

The motion already before the house is that the committee deal with this matter. Therefore, it will not be necessary for me to put the motion that it be referred to that committee.

Is that agreed, honourable senators?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** It is moved by the Honourable Senator Bosa, seconded by the Honourable Senator Adams, that when the Committee on Standing Rules and Orders is set up—

**Some Hon. Senators:** Dispense.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.



## APPENDIX

(See p. 222)

## FEDERAL-PROVINCIAL CONFERENCE OF MINISTERS RESPONSIBLE FOR CRIMINAL JUSTICE

## COMMUNIQUÉ

For Immediate Release:  
Friday, October 26, 1979

At a meeting of the federal and provincial ministers responsible for justice held in Ottawa on October 25-26, 1979, the following were the principal items discussed.

1. Criminal Code Review

Ministers agreed that a thorough review of the Criminal Code should be undertaken as a matter of priority.

The next step will be an early meeting between deputy ministers and the Law Reform Commission of Canada to develop a plan of action for the review and propose a time schedule for consideration by Ministers when they meet early next spring.

The principle of federal-provincial co-operation was firmly established and it was agreed that the review should encompass both substantive criminal law and criminal procedure.

2. Prosecution of Offences under Federal Statutes Other Than the Criminal Code

The respective powers and responsibilities of federal and provincial crown prosecutors for prosecution of offences under federal statutes other than the Criminal Code is a continuing concern of federal and provincial ministers alike. Recent court decisions have underlined this concern.

The statutes include, for instance, the Narcotics Control Act and the Food and Drugs Act.

Deputy ministers will meet to identify legal and constitutional solutions to this problem and to propose practical administrative arrangements that might lead to a general federal-provincial agreement or a series of bilateral agreements between the federal government and the provinces.

3. R.C.M.P. Accountability

Ministers noted that complex and difficult questions have arisen about the responsibilities and accountability of the R.C.M.P.

These questions include the handling of citizens' complaints against the police, internal disciplinary practices and accountability to the responsible provincial ministers.

Some Ministers expressed concern with the federal suggestion to establish a citizen complaint review process for R.C.M.P. activities, where such a process already exists in the provinces. This would clearly duplicate provincial police commissions or other bodies that currently deal with these problems.

Ministers agreed to review questions concerning accountability during the contract negotiations.

Ministers agreed to set up a Law Enforcement Forum consisting of all federal and provincial ministers having law enforcement responsibilities to consider these and other law enforcement questions on a regular basis.

4. Access to Information under Part IV of the Canadian Human Rights Act

This provision gives an individual access to personal information held in federal government files and data banks, subject to certain exceptions.

A problem can arise where the information held by the federal government has been provided by a province or has been collected by a federal agency on behalf of a province.

One example of the latter is information collected by the R.C.M.P. acting as a provincial police force under contract.

Ministers noted that any consideration of this question must include study of the Freedom of Information Bill now before Parliament, its impact upon Part IV of the Canadian Human Rights Act and its impact upon the problem.

5. Justice Information and Statistics

To meet the problems encountered as a result of a lack of accurate and timely information and statistics in criminal justice, provincial Attorneys General in 1976 set up a National Task Force to identify, describe and quantify justice services at all levels of government. The Task Force has now issued reports on policing, courts, legal aid, adult corrections, pre-trial services and crown counsel.

In the same period, a national work group consisting of experts from Statistics Canada, the Justice Department and the Ministry of the Solicitor General has been working with the provinces under the guidance of a federal-provincial steering committee to develop systems that will enable statistics to be derived in the most economical way possible.

The Ministers agreed that the National Task Force and the National Work Group should together develop a plan of action for the provision of timely and accurate criminal justice information and statistics.

This work is to be overseen by a small committee of federal and provincial deputy ministers, which the Chief Statistician of Canada will be invited to join.

#### 6. Family Legal Aid

Provincial Ministers urged that family legal aid shared-cost agreements should be entered into to complement existing criminal legal aid agreements. The Minister of Justice agreed to lay this matter before his Cabinet colleagues.

#### 7. Duplication And Overlap

Ministers reviewed the report of the last meeting of the federal/provincial committee of deputy ministers and a status report on the various issues under consideration.

A further report is to be made before the forthcoming First Ministers' meeting.

#### 8. Cannabis

The Minister of National Health and Welfare joined the meeting for discussion of this subject.

Ministers noted the increasing body of evidence suggesting that the use of cannabis derivatives is injurious to health.

The Minister of National Health and Welfare announced that he expects to publish a discussion paper on this subject in the near future.

The discussion included "decriminalization" of cannabis, the effects of conviction upon the individual for simple possession, fingerprinting, photographing, the keeping of criminal records, and an educational campaign on the harmful effects of marijuana and hashish use.

#### 9. Corrections

Ministers agreed that the existing split in jurisdiction over corrections continues to create many problems and that this question should be considered as a part of the work being done to eliminate duplication and overlap.

#### 10. Jurisdiction over Family and Various Administrative Matters

Ministers expressed concern with recent court decisions tending to limit the flexibility of the provinces to establish family court and various administrative tribunals.

Ministers agreed that this matter receive a high priority in the Continuing Committee of Ministers on the Constitution, with a view to amending Section 96 of the British North America Act.

#### 11. Young Offenders

Ministers welcomed the announcement that the federal government is proceeding with the proposed Young Offenders Act and that there will be further opportunities to comment upon the content of the proposed Act.

#### MINISTERS IN ATTENDANCE

L'honorable Sénateur Jacques Flynn

Ministre de la Justice et Procureur général du Canada

Hon. Allan Lawrence

Solicitor General for Canada

Hon. R. Roy McMurtry

Attorney General and Solicitor General of Ontario

Hon. Gordon Walker

Provincial Secretary for Justice and Minister of Correctional Services of Ontario

L'honorable Marc-André Bédard

Ministre de la Justice du Québec

Hon. Harry W. How

Attorney General of Nova Scotia

Hon. Rodman E. Logan

Attorney General and Minister of Justice of New Brunswick

Hon. G. W. J. Gerry Mercier

Attorney General of Manitoba

Hon. Garde Gardom

Attorney General of British Columbia

Hon. Horace B. Carver

Attorney General and Minister of Justice of Prince Edward Island

Hon. Roy Romanow

Attorney General of Saskatchewan

Hon. Neil Crawford

Attorney General of Alberta

Hon. Graham Harle

Solicitor General of Alberta

Hon. Gerald R. Ottenheimer

Attorney General and Minister of Justice of Newfoundland



## THE SENATE

Thursday, November 1, 1979

The Senate met at 2 p.m., The Honourable Renaude Lapointe, Speaker *pro tem* in the Chair.

Prayers.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Report of the Northern Mineral Advisory Committee (Chairman, John Bruk), dated August 15, 1979.

Copies of letters from the Prime Minister of Canada to Dr. Robert A. Bandeen, president and chief executive officer of Canadian National, and Mr. Claude I. Taylor, president and chief executive officer of Air Canada, concerning Crown corporations' support to the Pro Canada Foundation, dated October 25, 1979.

Report of Canadian Patents and Development Limited for the fiscal year ended March 31, 1979, including its accounts and financial statements certified by the Auditor General, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Reports of the Fitness and Amateur Sport Branch for the fiscal years ended March 31, 1978 and 1979, pursuant to section 13 of the *Fitness and Amateur Sport Act*, Chapter F-25, R.S.C., 1970.

Sixteenth Annual Review (1979) of the Economic Council of Canada entitled "Two Cheers for the Eighties".

Report of the Northern Canada Power Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 24 of the *Northern Canada Power Commission Act*, Chapter N-21 and section 75(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Reports of the Department of Veterans Affairs and of the Canadian Pension Commission for the fiscal year ended March 31, 1978, pursuant to section 8 of the *Department of Veterans Affairs Act*, Chapter V-1, and section 4(2) of the *Pension Act*, Chapter P-7, R.S.C., 1970, including reports of the Pension Review Board, the War Veterans Allowance Board and the Bureau of Pensions Advocates for the same period.

### NORTHERN PIPELINE

SECOND REPORT OF COMMITTEE OF SELECTION PRESENTED

**Senator Macdonald**, Chairman of the Committee of Selection, presented the following report:

Thursday, November 1, 1979

The Committee of Selection appointed to nominate senators to serve on the several select committees during the present session makes its second report as follows:

Your committee has the honour to submit herewith the list of senators nominated by it to serve on the Special Committee of the Senate on the Northern Pipeline, namely, the Honourable Senators Adams, Austin, Bal-four, Bielish, Cottreau, Doody, Flynn, Frith, Guay, Hastings, Hays, Langlois, Lucier, Nurgitz, Olson, Perrault, Riley, Rowe, Sherwood, Smith (Colchester), and Williams. (21)

Respectfully submitted,

John M. Macdonald,  
*Chairman*

**The Hon. the Speaker pro tem:** Honourable senators, when shall this report be taken into consideration?

**Senator Macdonald** moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

### NATIONAL FINANCE

REPORT OF COMMITTEE EXPENSES TABLED

**Senator Everett**, Chairman of the Standing Senate Committee on National Finance, which was empowered by the Senate on November 2, 1978, to incur special expenses for the purpose of its examination and consideration of such legislation and other matters as might be referred to it, reported, pursuant to rule 84, the expenses incurred by the committee during the Fourth Session of the Thirtieth Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate*.]

### BUSINESS OF THE SENATE

ADJOURNMENT

**Senator Roblin:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, November 6, 1979, at 8 o'clock in the evening.

Motion agreed to.

## BANKS AND BANKING LAW REVISION

### BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Roblin**, for Senator Hayden, moved, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of the Bill C-14, intituled: "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof", in advance of the said bill coming before the Senate, or any matter relating thereto; and

That the papers and evidence received and taken on the subject in the third and fourth sessions of the Thirtieth Parliament be referred to the committee.

He said: I will just make a brief statement, honourable senators. I have the privilege of standing in for Senator Salter Hayden on this occasion because everyone recognizes that this formal procedure is almost the patent right property of Senator Salter Hayden. It certainly is a very advantageous procedure for the Senate to have at its disposal.

For the sake of those who have not heard this resolution on the floor before, may I simply observe that it gives the Senate an opportunity to take into consideration matters which are before the other house but which, in the normal course of events, we would not have before us for consideration for some lengthy period of time. Since we can look at the subject matter of legislation in advance, it gives us an opportunity to get our work in good shape so that when we receive the legislation as passed in the other house we are in a position to deal expeditiously with it.

I should like to solicit the support of the Senate for this motion.

**Senator Olson:** Honourable senators, so far as we on this side are concerned, we feel that this practice, initiated by Senator Salter Hayden, is one that has been used effectively in this chamber for several years; indeed, even before I was appointed to the Senate. However, I think it should be drawn to the attention of those who do not know that there are cases when bills have been passed in the other place and sent to this chamber with the request that they be passed within a very few days, sometimes within a very few hours. In most cases, although not in every case, many of those bills have had long and detailed examination by a committee of this chamber by using this formula.

I am not suggesting to the Leader of the Government that he may not come along with some bill that has to be passed the same day as it comes over, but in those cases, when we have not had a chance to look at the legislation, he can expect some resistance, and we will quote his previous speeches in regard to such situations when they happen.

Getting back to this so-called "Hayden formula" of having a pre-study in the Senate of bills that are before the Commons,

[Senator Roblin.]

the fact is that by the time we have finished with the pre-study we have really had a more detailed examination of the bills than they have had in the other place. I make that claim as a senator. Others may not agree with me, but I think this is true in many cases. We would encourage the government to support this practice, for it has been very useful.

**Senator Flynn:** I would like to add one comment. One of the great advantages of this formula is to signal to the other place some of our concerns. As a result, sometimes amendments are made before the bill comes to us, which eliminates the necessity of a confrontation with the other place.

**Senator Olson:** Right.

**Senator Flynn:** I am not very worried about the concept of forcing the Senate to adopt a bill in a few hours. I think this will happen only in extraordinary circumstances. I hope I will never use the pattern that was used by the former administration.

**Senator Perrault:** The Leader of the Government, it is encouraging to note, has not lost his simple, child-like faith.

**Senator Flynn:** I think I am more subtle than the Leader of the Opposition.

**Senator Olson:** We agree that you are.

Motion agreed to.

## NATIONAL FINANCE

### COMMITTEE EMPOWERED TO ENGAGE SERVICES

**Senator Everett**, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

● (1410)

**Senator Roblin:** Honourable senators, perhaps I might say a few words on this subject. I should like to congratulate Senator Everett for his promptness in bringing this forward. We shall certainly be happy to support it. I have a special reason for saying this. I hope later on this afternoon to move that certain supplementary estimates be referred to this committee, and it would be our hope—this is a good chance to say this, I suppose—that the committee would deal with them next week and bring the estimates back here, because I believe it is one of the items we shall be asked to deal with with all the possible speed we can in order to report them.

**Senator Everett:** If the supplementary estimates are referred to us this afternoon, it would be our intention to start hearings at 2.30 on Tuesday afternoon.

**Senator McDonald:** Honourable senators, I rise, not to comment on Senator Everett's motion but to ask the government if it is going to follow our usual practice of having



committees submit their budgets to the Standing Committee on Internal Economy, Budgets and Administration in order for that committee to pass judgment on those budgets.

**Senator Flynn:** Do you mean the budget of the Senate?

**Senator McDonald:** No, the budgets for the committees.

**Senator Flynn:** Nothing has changed in this respect. There were certain good things under the former administration.

**Senator Perrault:** Hear, hear.

**Senator Everett:** Do I understand Senator McDonald correctly to be saying that the Standing Committee on Internal Economy, Budgets and Administration has to approve the budget before hearings could begin?

**Senator McDonald:** No. I was hoping that the committees would submit their budgets at as early a date as possible in order that the Internal Economy Committee may deal with them as one of its first responsibilities.

**Senator Everett:** That would be our intention, yes.

**Senator Walker:** Did you call it the "Eternal" Economy Committee?

**Senator Flynn:** Some say "Infernal."

Motion agreed to.

### PRIVATE BILL

#### REFUND OF FEES

**Senator van Roggen,** with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the parliamentary fees paid with respect to a proposed application to Parliament for a private bill to revive Expressway Truck Line (Canada) Ltd., of the City of Vancouver, in the Province of British Columbia, be refunded to the petitioner.

He said: By way of explanation, I would simply say that two or three years ago a petition was received by the Senate to reinstate this company, which had been dissolved, because it was found that two pieces of land in British Columbia were still registered in its name and could not be dealt with.

● (1415)

That application was accompanied by the normal deposit of \$500. The law officer of the Senate, and I think quite correctly, wrote back to the petitioner, pointing out that very probably a more appropriate procedure for him to follow would be to use the Escheats Act of the Province of British Columbia.

Nothing much happened. No reply was received. So our staff wrote again a few weeks ago and received a letter back from the lawyer in Vancouver asking us to please withdraw his petition and refund the \$500. I telephoned him this morning and ascertained that indeed he was following the very good advice of our law officer.

I might just say that no expenses were incurred by the Senate. The bill was never printed, and no disbursements were made, so it would seem in order to refund the \$500.

Motion agreed to.

### INCOME TAX AND CANADA PENSION PLAN

#### BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Roblin,** for Senator Hayden, moved, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of the Bill C-17, intituled: "An Act to amend the statute law relating to income tax and to amend the Canada Pension Plan", in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

● (1420)

### INCOME TAX

#### CREDIT IN RESPECT OF MORTGAGE INTEREST AND PROPERTY TAX—BANKING, TRADE AND COMMERCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Roblin,** for Senator Hayden, moved, with leave of the Senate and notwithstanding rule 45(1)(e):

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider the subject matter of Bill C-20, intituled: "An Act to amend the Income Tax Act to provide a tax credit in respect of mortgage interest and homeowner property tax", in advance of the said bill coming before the Senate, or any matter relating thereto.

Motion agreed to.

### THE ESTIMATES

#### NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Roblin,** with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures proposed by the estimates laid before Parliament for the fiscal year ending 31 March, 1980.

Motion agreed to.

#### SUPPLEMENTARY ESTIMATES (A)—NATIONAL FINANCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Roblin,** with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the supplementary estimates (A) laid before Parliament for the fiscal year ending 31 March, 1980.

Motion agreed to.

## QUESTION PERIOD

[English]

### INDUSTRY, TRADE AND COMMERCE

#### MINISTER'S ABSENCE FROM CHAMBER

**Senator Perrault:** Honourable senators, I have a few questions for the Leader of the Government in the Senate. The Minister of Industry, Trade and Commerce is becoming increasingly "elusive." Perhaps that is one term to describe his continuing absence.

I should like to ask whether the minister is abroad on some vital public mission, whether he is researching a way to reconcile the government's contradictory economic policies, whether he is speaking to a group of dispirited Tories, or whether he has gone into hiding. In short, where is he?

**Senator Choquette:** You are trying to destroy him as much as you can.

**Senator Perrault:** We have important questions to address to the Minister of Industry, Trade and Commerce today. This is the second consecutive day he has not been in the chamber. This is a time of great importance to Canadians. There are several economic concerns which require responses from the minister, yet no explanation of his whereabouts has been given.

• (1425)

**Senator Flynn:** I can inform the house that the Minister of State for Economic Development is away on public business. He is in the city of Los Angeles, representing the interests of Canada.

I would remind the Leader of the Opposition that when he was the only minister in this house he was often absent. But, of course, his absence was not as remarkable or as important, and did not have the same consequences. Overall there has been an improvement, even with the minister being absent for a few days on government business.

**Senator Lamontagne:** Where is he?

**Senator Flynn:** He is in Los Angeles. If you want to join him, you can fly down there today.

**Senator Perrault:** There may be some reason for the minister's visit to the world's movie capital this afternoon—

**Senator Flynn:** He is not in Hollywood.

**Senator Perrault:** —but there are a number of important reasons why he should be in this chamber today. This is his first responsibility.

As far as my attendance record is concerned, an examination of the record—and it can be made available to the Leader of the Government—will show that all of my absences from this chamber were valid ones—on public business and in the public interest.

#### PROPOSED APPOINTMENT OF PARLIAMENTARY SECRETARY TO MINISTER OF STATE FOR ECONOMIC DEVELOPMENT

**Senator Perrault:** Given the fact that there are so many important questions to be posed in this chamber dealing with

the economy, surely there is validity to the proposal to have a parliamentary secretary appointed to the Minister of State for Economic Development. Surely, a competent parliamentary secretary could be chosen from among the many frustrated, talented government backbenchers—

**Senator Olson:** Or even frontbenchers.

**Senator Perrault:** Or even frontbenchers, as my colleague suggests. The parliamentary secretary to the minister could then speak for the minister on those rare occasions when the public interest demands that the minister be elsewhere.

I hope the government will give consideration to this proposal. There should be someone here with sufficient economic data and information to answer for the minister in the range of economic questions which demand and require answers.

**Senator Flynn:** Really, I had no idea that the Leader of the Opposition could become so funny or so humorous. Dealing first with the justification for the minister's absence, he is, as I said earlier, in Los Angeles on public business—and not the kind of "public business" on which the Leader of the Opposition was engaged when he was away from this place organizing the Liberal Party in British Columbia, the results of which we are all aware of.

**Senator Haidasz:** There are no Conservatives in San Francisco.

**Senator Flynn:** The minister is in Los Angeles to deal with matters in the interests of Canada, not of any political party. I hope you are able to make the distinction.

With regard to the appointment of a parliamentary secretary, I can only say that when we had only one minister in this place under the previous administration—a minister without departmental responsibility—we were not provided with parliamentary secretaries, despite the fact that you were three times our number. What a silly suggestion to make!

**Senator Perrault:** There is valid reason for the proposal. However, before I let the other matter pass, may I say that, during my infrequent absences, on not one single occasion did I absent myself from this chamber and my responsibilities to this house to work on behalf of the party of which I find myself a member. Let that be clearly placed on the record.

Dealing with the matter of parliamentary secretaries, there are now three ministers entrusted with major portfolios in this government who are sitting in the Senate. The situation is completely different from what it was when I occupied the position of Leader of the Government in the Senate, with my general overall responsibilities. Given the Minister of Industry, Trade and Commerce's specific responsibilities, there is now a valid case for establishing the position of parliamentary secretary. In fact, I would suggest that the supporters of the Leader of the Government in the Senate agree with the idea.

However, it may be that the minister has gone to Calgary in an attempt to locate a copy of Mr. Loughheed's speech.

**Senator Flynn:** The minister, as I said, is in Los Angeles.

[Senator Roblin.]



**Senator Perrault:** Mr. Lougheed is often down in the United States. Perhaps they are meeting in Los Angeles. In any event, we hope to be able to help the government out this afternoon with respect to that elusive speech.

**Senator Flynn:** Is the Leader of the Opposition suggesting that his party colleagues in the other place would accept legislation appointing parliamentary secretaries in this chamber? Is the Leader of the Opposition prepared to give us that assurance? If so, that would be interesting.

**Senator Perrault:** Let's hear from the government as to its proposal.

**Senator Flynn:** You are backtracking.

**Senator Perrault:** I suggest that the proposal should have the support of the people who work with the Leader of the Government in this chamber.

**Senator Asselin:** What about your people? It is your suggestion.

**Senator Perrault:** I am speaking of the government party.

**Senator Flynn:** Come on, say it.

● (1430)

**Senator Perrault:** Mr. Leader, any well researched and sincere proposal would be duly considered by the loyal opposition.

**Senator Flynn:** We are back where we were.

## LABOUR RELATIONS

### STRIKE OF AIR AND MARINE RADIO OPERATORS

**Senator Perrault:** I should like to direct a question to the Honourable the Leader of the Government with respect to the radio operator situation in Canada. Reports are that almost half of Canada's airport and marine radio operators are off the job again today following a breakdown in government-union contract talks yesterday.

In view of the continuing rash of air crashes throughout the world, and the concern that all air travellers currently have, can an assurance be given this afternoon, first of all, that there will be initiatives to resolve this dispute as quickly as possible; and, secondly, despite the absence of certain radio operators, are reasonable safety precautions being followed at Canadian airports to make sure that the Canadian air traveller is well protected?

**Senator Flynn:** I hope that the Leader of the Opposition is not establishing any relationship between the situation of the radio operators in Canada and the crash in Mexico yesterday. It seems to me that is what he was implying.

I may say that there are some reports that there may be a disruption of services. We have not yet received a complete report, but I can assure honourable senators that the government is doing everything to bring this matter to a satisfactory conclusion.

**Senator Perrault:** Indirect reference was made not only to the crash in Mexico City.

**Senator Flynn:** I know you said "throughout the world".

**Senator Perrault:** Mr. Leader, the reference was made in view of the general apprehension of air travellers with respect to air safety because of a recent series of crashes throughout the world. Of course, we should bear in mind that Canadian airline operators are some of the safest in the world.

**Senator Flynn:** I agree.

## ENERGY

### PRICE OF DOMESTIC OIL—STATEMENT BY PREMIER OF ALBERTA—GOVERNMENT ATTITUDE

**Senator Olson:** Honourable senators, might I ask the Leader of the Government a question, in the absence of the Minister of State for Economic Development? My question is whether they have had, as yet, an opportunity to study the very clear and positive remarks of Premier Lougheed about what he would have to do in the absence of a negotiated agreement, and is the government prepared to let the people of Canada in on what they are going to do with respect to this very, very serious and important statement of provincial policy?

**Senator Flynn:** I do not know to what text or comments by Premier Lougheed the Honourable Senator Olson is referring, but I would say that as of today we are very confident that negotiations will result in a satisfactory arrangement.

**Senator Olson:** We have heard that confidence expressed a number of times.

**Senator Perrault:** Is this a "confidence" game?

**Senator Olson:** And we have also heard every day up until today, at least, that you have not seen the speech yet. I have a copy of that speech here and I shall be glad to send it to you if you have not yet seen it. But what is important is that Premier Lougheed said in that speech that, in the absence of a negotiated agreement with the federal government, Alberta would set its own prices, and that all of Canada would be welcome to buy at those prices.

I am just wondering if the Leader of the Government could tell us what the federal government is going to express as the national interest in this respect, in view of the fact also that the Prime Minister said on October 24 that he would not use the declaratory power or the other powers—at least the others that we know of—that are available to the federal government.

**Senator Flynn:** The Prime Minister said he is confident, and will remain confident, that an arrangement can be made. I think the events of the next few weeks will prove that to be correct.

**Senator Olson:** A final supplementary question—

**Senator Flynn:** Are you sure of that?

**Senator Olson:** Yes. Can the Leader of the Government advise us whether or not a reasonable offer has been made to

the Province of Alberta respecting these prices, or perhaps even an offer they cannot refuse?

**Senator Flynn:** You can understand that the government would make only reasonable offers.

**Senator Olson:** That is not the way Premier Lougheed sounded.

**Senator Austin:** I should like to ask a supplementary. If Premier Lougheed thought negotiations were going as well as the government leader thinks they are, why would he have made a statement of the kind he made? I wonder if the government leader would guide us in that respect.

**An Hon. Senator:** Ask him!

**Senator Flynn:** That statement was made some days ago.

**Senator Austin:** It was made last Monday. Do you mean that something has changed in the meantime, Senator Flynn?

**Senator Flynn:** I am quite confident that things are going better.

**Senator Austin:** Has the government made a further proposal to the Premier of Alberta that leads to that confidence?

**Senator Flynn:** There are continuing negotiations.

**Senator Austin:** I wonder if the government leader would assure this house that it is the policy of the government that Canadian oil and gas prices should rise to the level that induces conservation and encourages new energy development, but no further than that.

**Senator Flynn:** Yes.

## HEALTH AND WELFARE

### FAMILY ALLOWANCES

**Senator Bird:** I should like to ask the Leader of the Government in the Senate if he could set at rest certain repeated rumours that are causing a great deal of distress among families in this country. I hope he can reassure us and reassure those families.

Is it true that the government is planning to pay for the first stage of the proposed mortgage tax credit by taking away family allowances from the upper-income bracket people—half the population of Canada?

**Senator Flynn:** I have heard nothing about that.

**Senator Bird:** I have a supplementary question. Is the government planning to do anything about taking away family allowances from any group of people in Canada?

**Senator Flynn:** I have no knowledge of that.

**Senator Olson:** There are lots of things that happen in cabinet that you don't seem to know about.

**Senator Bird:** Would the Leader of the Government be kind enough to speak to the minister responsible for social security and let this house know what his plans are?

[Senator Olson.]

**Senator Flynn:** What exactly do you want to know? Do you want to know what goes through the minds of the Minister of National Health and Welfare and others as they proceed in reviewing the whole spectrum of social security and things of that nature? Is that what you want? If any decision is made, it will be made known to Parliament in due course.

**Senator Bird:** I hope the Leader of the Government will not give us a whole review of social security.

**Senator Choquette:** You want a bird's eye view!

**Senator Bird:** What I am asking about is family allowances.

**Senator Olson:** He hasn't heard about that yet. I think he must be an outsider in the inner cabinet.

[Translation]

## QUEBEC REFERENDUM

### PUBLICATION OF PROVINCIAL WHITE PAPER

**Senator Marchand:** Honourable senators, I have a question for the Minister of State for CIDA.

First, I would like to point out to this house that the white paper on sovereignty-association is supposed to be released in the province of Quebec, which might also mark at the same time the start of a great debate which may or may not be resolved during the coming year. I believe this date is worth pointing out.

I would like to point out at the same time a statement attributed to the Honourable Senator Asselin, the Minister of State for CIDA, to the effect that contrary to what his leader, the Right Honourable Joe Clark, had just stated, he would not campaign under the umbrella set up under the referendum legislation. I do not say that is the intention of the honourable minister, but the reporter says that Senator Asselin was inspired by the position taken by the Honourable Roch La Salle, who in this context seems to be the one who defines the general policy of the party. That worries me a bit.

In any case, that is what the honourable minister says, that he does not want to work under the umbrella as defined in the legislation. But, on the other hand, at the same time he wants to be free to defend his opinions on the form of federalism he thinks we should have. Does that mean he is going to make his whole campaign without there being a general policy from the government and the Conservative Party on this important problem?

**Senator Asselin:** Honourable senators, I want to say there will be a general policy. I also want to say that the conclusions reporters drew from my statement were not those I had in mind. He asked me if I would vote yes or no on the question put by the Government of Quebec. I told him: "Do not take me for an idiot, I do not know the question. When I know it, I will be able to make up my mind."

He also asked me if I would participate under the umbrella legislation of the provincial government. I said: "Not necessarily." However, I said that nobody would stop me from going into the riding of Charlevoix to defend Canadian federalism.



Nor could anybody in this house stop me from expressing my opinions.

**Senator Marchand:** Nobody is going to stop you from going into the riding of Charlevoix, I hope. I do not think anyone would try to do that. But I expect, nevertheless, on the part of the government in power at this time—and I am saying this in the least partisan way possible, if you want—a very specific statement, because based on the reports we see there is no consistency between the statements by the Right Honourable Prime Minister, Mr. La Salle and yours. I think that if there is a time when we must have consistency, without having necessarily the same political ideas, but to have consistency in our positions, it is indeed at this crucial moment when the future of Canada is probably at stake. So I think the fact that the minister can make speeches in Charlevoix does not indicate there will be consistency in the general policy.

**Senator Asselin:** Honourable senators, the question raised by Senator Marchand is important. If, of course, during the referendum campaign Senator Marchand and I were to meet on the same platform in the same room to defend federalism, I think our points of view would be close.

**Senator Denis:** I would like to put a supplementary question to the minister. When he says that nobody will prevent him from speaking in Charlevoix, does he mean that he will take part in the referendum campaign, either for or against, depending on the question asked, even if it is confused?

**Senator Asselin:** I am a Canadian citizen from Quebec and it is obvious that, when we witness important events for the future of Quebecers such as those which will occur this year, as a minister I will surely intervene in the debates.

**Senator Denis:** Thank you.

● (1440)

[English]

## HEALTH AND WELFARE

### DANGERS OF MARIJUANA SMOKING—EDUCATION OF PUBLIC

**Senator Haidasz:** I direct a question to the government leader in his capacity as Minister of Justice. In view of the alarming fact, which was revealed in Ottawa yesterday by a certain national organization, that three and a half million Canadians smoke marijuana, I should like to ask the Minister of Justice why the government is not conducting an intensive public education program on the dangers of marijuana smoking, and why it has not allocated more resources to stop trafficking in marijuana and other illegal narcotics.

**Senator Flynn:** I may say that this question is under active consideration. Certainly it has some value. It all depends, of course, on the conclusion that the Department of National Health and Welfare will draw from its present study of the situation.

As I said yesterday, or perhaps the day before, the matter of whether or not we should decriminalize marijuana is also under active consideration.

It is quite obvious that if marijuana is dangerous to health, then the honorable senator's suggestion is worthwhile. I can assure him that the matter is under consideration.

**Senator Olson:** What is the conclusion of the Minister of Justice?

**Senator Flynn:** We must await completion of the study.

## CRIMINAL CODE

### FEDERAL-PROVINCIAL CONFERENCE OF MINISTERS RESPONSIBLE FOR CRIMINAL JUSTICE—COMMUNIQUÉ

**Senator Haidasz:** In the communiqué of the Federal-Provincial Conference of Ministers Responsible for Criminal Justice, which the minister tabled in the Senate yesterday, there is no mention of provincial representations and discussions concerning gambling casinos and off-track betting.

Would the Minister of Justice take the Senate into his confidence and tell us what the government's view is on those two matters?

**Senator Flynn:** I do not think that question was discussed, or, if it was, it was discussed only incidentally. I know there have been exchanges on that matter between officials, and I know that the Minister of Agriculture is considering the problem, since it comes within his jurisdiction. However, no conclusion has yet been reached.

## OFF-TRACK BETTING

**Senator Buckwold:** I have a supplementary question for the Minister of Justice concerning off-track betting. Honourable senators will recall that towards the end of the last Parliament a special subcommittee of the Senate was appointed, with myself as chairman and the late respected Senator Wagner as deputy chairman, to review the question of off-track betting.

Perhaps honourable senators will allow me one or two sentences as a preamble to my question. I was in touch with the department to determine whether it wanted to have the committee reconstituted, and I spoke briefly with the minister.

I have been advised, although not in writing, that there is no intention of re-establishing the committee. I accept that decision. The committee had just commenced its study, but if it is the wish of the government to take a different route, then that is quite satisfactory to me. However, there is a great deal of interest in the subject, and I have received numerous calls inquiring as to what has happened. That is the reason for my question.

The Minister of Justice may wish to take my question as notice. Since the committee has not been reconstituted, and in view of the fact that the industry is very much concerned that there should be a prompt resolution of this subject, is it the intention of the Minister of Agriculture to recommend the legalization of off-track betting, or can the minister announce what further studies, if any, are to be undertaken?

**Senator Flynn:** In order for me to give a precise reply to the question, I shall have to take it as notice.

**Senator Buckwold:** It is not my wish to take sides on this matter, and certainly the minister may do whatever he wishes, but for the satisfaction of those who are involved and who are anxiously awaiting some response, a detailed reply would, in my view, be in order.

**Senator Flynn:** Very good.

## INDUSTRY

### ASSISTANCE TO AUTOMOTIVE PARTS MANUFACTURERS

**Senator Bosa:** In the absence of the Minister of Industry, Trade and Commerce, I direct my question to the Leader of the Government in the Senate. The Minister of State for International Trade indicated recently that this government is considering initiatives to assist automotive parts manufacturers in Canada in the area of research and development.

Would the Leader of the Government inform this house what those initiatives are, particularly in view of the fact that the deficit in the automotive sector will be shown to have increased when the figures are released at the end of this week?

**Senator Flynn:** I shall have to take that question as notice.

[Translation]

## CRIMINAL CODE

### FEDERAL-PROVINCIAL CONFERENCE OF MINISTERS RESPONSIBLE FOR CRIMINAL JUSTICE

**Senator Robichaud:** Honourable senators, I would like to follow up on a question I asked yesterday of the government leader and Minister of Justice concerning the conference held on October 25 and 26 between the attorneys general and the Minister of Justice. Yesterday, the Minister of Justice said, and I quote:

The senator is of course well aware of the government's position, which is to keep the status quo, that is abolition, even though there will be a free vote should a bill to this effect be introduced for Commons or even Senate approval.

My question is simply this: when exactly in the history of the present government or of the Conservative Party was the official position favouring abolition of capital punishment taken, and to what documents can I refer?

**Senator Flynn:** You can refer to the statements made by the Prime Minister since the new government was sworn in. He has said many times that as far as capital punishment is concerned he is in favour of maintaining the present situation, that is, of maintaining abolition. He has added, however, that should a proposal be introduced in Parliament for the reinstatement of capital punishment, the government would allow a free vote on the matter. I do not think that it is very difficult to interpret the government's policy. As for the Progressive Conservative Party taking an official position on the issue, I do not know. I do not remember.

[Senator Flynn.]

• (1450)

[English]

## CROWN CORPORATIONS

### PETRO-CANADA—GOVERNMENT POLICY

**Senator Austin:** Honourable senators, in the other place, on October 29 last, the Minister of Finance, speaking on the subject of the borrowing authority, said:

Mr. Speaker, 76 per cent support our mortgage proposal. I did not make that up; that is the result of the Gallup poll. It is the mortgage and property tax credit plan that honourable gentlemen opposite have been scoffing at for the last three or four days, particularly the honourable member from Manitoba. As I say, 76 per cent support the mortgage proposal—76 per cent, Mr. Speaker. I hope honourable gentlemen are going to help us get it through the House, Mr. Speaker, so that we can have it all in effect by Christmas.

In view of the Minister of Finance's reliance on Gallup polls for policy making, I wonder if the government leader could confirm, inasmuch as, according to a Gallup poll that appeared on October 10, 1979, 75 per cent of Canadians like Petro-Canada the way it is, and said that the federal oil company should be kept in being, that the government will not create a policy difference for 1 per cent.

**Senator Flynn:** Some arguments are better than others.

**Senator Olson:** Some polls are better than others.

**Senator Flynn:** If my memory serves me correctly, with regard to faith in God, the last argument was universal consent.

**Senator Austin:** I think the government leader is more abstruse and abstract than usual.

**Senator Flynn:** Well, with you I am afraid that I have to be.

**Senator Austin:** But then your explanations have always been difficult for me to follow.

I take it, however, that you are saying, as the Minister of Finance said, that Gallup polls are the guiding beacon of this government's policy.

**Senator Flynn:** No, no. We use them when it serves our purpose.

**Senator Perrault:** When it is convenient.

**Senator Molgat:** That is a good one.

**Senator Asselin:** This is a very good answer.

**Senator Austin:** Now that is an answer I can understand.

## INDUSTRY, TRADE AND COMMERCE

### MINISTER'S ABSENCE FROM CHAMBER

**Senator Argue:** Honourable senators, I have a question for the Leader of the Government in the Senate. I wonder, to satisfy my curiosity, if he could tell us who, in the absence of



the Minister of Industry, Trade and Commerce, is the acting minister?

**Senator Flynn:** Do you mean in this house?

**Senator Argue:** No. Who is the acting minister? My impression is that when a minister is away there is always an acting minister appointed to take his place. I wonder if he is in this chamber or the other place?

**Senator Flynn:** I think Mr. Wilson is the acting minister in the other place.

As I said before, I do not know why there are all these complaints about the absence of the Minister of Industry, Trade and Commerce. It was a desert here before, with only the present Leader of the Opposition as government leader, with responsibility for no department. Now that we have three ministers in the Senate you are complaining, and on top of three ministers you want parliamentary secretaries and, as Senator Argue seems to be suggesting, acting ministers as well.

**Senator Argue:** I think there always is an acting minister, and I am just wondering if, in the absence of the Minister of Industry, Trade and Commerce, the Senate has in fact lost that minister since there is no acting minister in the Senate. I think it would be helpful if the government leader were the acting minister, and then we could go on with these important questions.

**Senator Flynn:** You can always direct to me questions intended for the Minister of Industry, Trade and Commerce, or the Minister of Finance, or the Minister of Indian Affairs and Northern Development, or even the Minister of Agriculture, although, with respect to questions about agriculture, very seldom will I be able to reply because I do not have your expertise.

**Senator Olson:** We know that.

**Senator Flynn:** If Senator Olson were in my place, it would be even worse.

**Senator Marchand:** On a point of order: I think the Leader of the Government mentioned that under the former government we had only a minister without portfolio here in the Senate. I must remind him that we had the Minister of National Revenue for a period of time, and there is no guarantee that those ministers who are here at this moment will stay any longer than the former Minister of National Revenue did.

**Senator Flynn:** We have already been here longer than he was, so I am not too worried about that. It is, however, true that that was an interesting period, when we could put questions to somebody who knew some of the answers.

**Senator Olson:** We are not in that position now.

[Translation]

## ENERGY

PRICE OF DOMESTIC OIL—STATEMENT BY PREMIER OF ALBERTA

**Senator Lamontagne:** I should like to put a question to the government leader. Now that he has received from the opposi-

tion the text of the speech delivered by Premier Lougheed, could he assure the house that as soon as possible he will forward a copy of that speech to Senator de Cotret and to the Prime Minister of Canada?

**Senator Flynn:** I think that is unnecessary because they have surely received it. However, I did not check the text to determine if it was taken in shorthand or whether it was really the text given by Premier Lougheed himself. There is nothing to indicate it.

In any case it does not matter. I can tell you that the Prime Minister and the Minister of Energy, Mines and Resources are well aware of the situation. I am sure that they already had the opportunity to speak with Mr. Lougheed. In addition, as I said earlier, negotiations are going on, and I hope that the opposition is just as anxious as the government to see them concluded as soon as possible with a satisfactory agreement for all parties concerned.

**Senator Lamontagne:** Of course it is our hope. However, I wonder if the minister is aware of the statement made by the Prime Minister yesterday afternoon in the House of Commons when he said that he did not have the text of the speech made by Premier Lougheed and that he had not been in touch with him.

Now the government leader tells us this afternoon that there have been sensational or quite substantial developments since yesterday afternoon. I think he should make a progress report because we are also quite interested in keeping up with that vital question for Canada.

**Senator Flynn:** Unfortunately, you are no longer in the government and when negotiations are carried on only ministers are involved in such a process.

**Senator Lamontagne:** Since yesterday afternoon?

**Senator Flynn:** What do you want me to tell you about what has happened since yesterday? Tell me what I could say to you.

I am simply saying that negotiations are carried on and that we are very hopeful that they will lead to a satisfactory settlement. What else do you want me to say? Do you want me to repeat everything that was said and done? Do you think it would help the process whether you are informed or not? Not at all!

**Senator Lamontagne:** That is access to information.

● (1500)

[English]

**Senator Olson:** Honourable senators, the Leader of the Government seemed to question the authenticity of the speech that I sent him.

**Senator Flynn:** No, no.

**Senator Olson:** He did not know if it was a typewritten copy. I want to tell him that he and his colleagues can obtain a copy by phoning the provincial offices which are located on the fifth floor across the street in the Victoria Building. I can give him the telephone number, if he so desires. That is where I got

my copy, and it is available to the Leader of the Government if he wants it. The office is an official office of the Province of Alberta, so I resent the fact that he questions the authenticity of the content of the document.

Senator Lamontagne was raising the point that ministers do not have a copy of this speech. Would you see that they get one, or would you like us to send them copies?

Senator Flynn: I would have been entirely satisfied if it had been mentioned that it was a true copy.

[Translation]

Senator Lamontagne: Anyway, to return to my original question, the honourable Leader of the Government is assuring us now that he will send copies of it to his colleagues.

Senator Flynn: Once again I suggest that this would be unnecessary, but if this will please my honourable and learned friend, I shall be glad to do it. For that matter, there is nothing I would not do to please him.

Senator Lamontagne: Fine.

[English]

## TRANSPORT

### APPOINTMENT OF MANAGER OF SECOND CONTAINER TERMINAL AT HALIFAX

Senator Barrow: I should like to ask the Leader of the Government in the Senate if he would inquire of the minister responsible for the National Harbours Board of Canada, and inform this house, what the reason is for the delay in selecting the organization to manage the second container terminal in Halifax, and how soon we may expect the terminal manager to be appointed.

The reason for asking this question is because of an article which appeared in one of Canada's great newspapers, the *Globe and Mail* of today's date, in which it is stated, in reference to the port of Halifax:

Also awaited is the vital choice of an organization to manage the terminal. The delay is becoming critical since the appointment of a terminal operator is directly linked to investments of up to \$20-million in cargo handling systems.

Senator Flynn: I will certainly put the question to the Minister of Transport.

[Translation]

## FOREIGN AFFAIRS

### SPEECHES TABLED

Senator Asselin: Honourable senators, yesterday Senator Lamontagne asked me to table, first, a copy of the excellent speech I made on October 30 last to the French wing of the Chamber of Commerce of Canada.

He also asked me to table a copy of the speech the Secretary of State for External Affairs made on October 4, 1979. I understand that a copy of her October 4 speech was tabled on October 16, at the request of Senator Bird.

[Senator Olson.]

Senator Lamontagne: The speech Senator Bird asked for was the one the Secretary of State for External Affairs made to the United Nations.

Senator Asselin: I am told it was the one she gave in Toronto. I shall look into it.

I also want to table a copy of the speech Mr. Doug Roche addressed to the United Nations.

As for the speech of the Secretary of State for External Affairs, I shall check the matter.

[English]

Senator Asselin then tabled:

Copies of notes respecting the Speech by the Minister of State for the Canadian International Development Agency, delivered to the French Canadian Chamber of Commerce, Montreal, Quebec, on October 30, 1979.

Copies of notes respecting the Statement by Mr. Douglas Roche, M.P., Parliamentary Secretary to the Secretary of State for External Affairs, to the Second Committee of the Thirty-fourth Regular Session of the United Nations General Assembly, New York, on October 24, 1979, with regard to Food Aid.

Senator Bird: Honourable senators, I think the honourable senator responsible for CIDA, or someone from his department, sent me a copy of the speech at the Empire Club. I am not sure it was tabled. I received two speeches from this department, the one given at the United Nations and the one given at the Empire Club, and I do apologize for not having acknowledged them. Of course, I did hope they would be tabled.

Senator Asselin: Thank you. I will check on this matter.

## POSTAL RATES BILL

### ORDER FOR RESUMPTION OF DEBATE ON SECOND READING STANDS

On the order:

Resuming the debate on the motion of the Honourable Senator Bélisle, seconded by the Honourable Senator Tremblay, for the second reading of the Bill C-11, intituled: "An Act respecting certain postal rates".—  
(Honourable Senator Deschatelets, P.C.)

Senator Deschatelets: Honourable senators, I intended to speak on this bill this afternoon, but while scrutinizing it more closely last night I found it contains some legal implications which warrant a little more time for study on my part. I should especially like to put before you, in its proper perspective, what was done by the previous government under section 13(b) of the Financial Administration Act. I shall be in a position to proceed at the next sitting and, therefore, I would like this order to stand.

Order stands.



## COASTAL FISHERIES PROTECTION ACT

### BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Senator Macdonald** moved the second reading of Bill S-3, to amend the Coastal Fisheries Protection Act.

He said: Honourable senators, Bill S-3 is legislation amending the act which provides for the control of all foreign fishing and support vessels in Canadian waters. It is called the Coastal Fisheries Protection Act.

This control is largely exercised by the fishing licences and permits issued under the act's regulations, and is enforced by the effective surveillance system of the Department of Fisheries.

The amendments proposed by Bill S-3 basically involve increasing the maximum fines imposed under the penalty sections of the act, and tightening the legal language of the legislation to ensure that any violation of the regulations made pursuant to the act would be grounds for prosecution.

Specifically, it is proposed that the maximum fines stipulated for violation of section 3(2) should be raised from the present level of \$25,000 to \$100,000 on indictment, and from \$5,000 to \$25,000 on summary conviction. This section sets out the act's basic prohibitions—unauthorized fishing or harvesting of marine plants by persons on board foreign vessels in Canadian waters as well as a number of other related activities such as cargo discharges, transshipments, crew transfers and purchases in port.

A second proposed penalty increase applies to paragraphs (a), (b) and (c) of section 7 of the act. These paragraphs involve unlawful entry into Canadian fishing waters, refusal by foreign captains to answer questions put by Canadian protection officers, and the unlawful destruction of incriminating foreign vessel equipment or cargo by foreign vessel crew members. On indictment, the maximum fines for these offences would be increased from \$10,000 to \$25,000, and on summary conviction from \$2,000 to \$5,000.

A penalty increase is also proposed relating to paragraph 7(d) of the act. This section deals with resisting or obstructing protection officers. On indictment the penalty would increase from a maximum fine of \$10,000 and/or one year's imprisonment to a maximum fine of \$25,000 and/or two years' imprisonment; and on summary conviction from \$2,000 and/or one month's imprisonment to \$5,000 and/or six months' imprisonment. This amendment, honourable senators, would bring the section in line with the Criminal Code, giving fishery officers the same protection as is now given peace officers.

● (1510)

Two basic factors were taken into consideration before these proposed penalty increases were selected. The first is the fact that Canada takes a very serious view of foreign fishing vessel violations in our waters. The increases in the maximum fines reflect this view.

The other factor taken into account involves the penalties established by other nations with extended jurisdiction. Our proposed penalty increases bring Canada in line on an international basis.

Honourable senators will note that, with the exception of the section of the act which prohibits the resisting or obstruction of Canadian protection officers, the imprisonment options of the penalties have been dropped. This is necessary in order to keep our regulations in this regard in accordance with the consensus reached at the Law of the Sea Conference.

It is also necessary to amend the act to clarify that any violation of the act's terms is subject to prosecution. Bill S-3 adds a section which makes any contravention of the regulations an offence subject to maximum fines of \$25,000 on indictment and \$5,000 on summary conviction.

As the act reads now, while a general power is given to prescribe the terms and conditions of foreign fishing licences, it is not made perfectly clear that any violation of these terms and conditions is an offence. The proposed amendment would rectify this situation.

With these amendments Canada will have the continued force of an even stronger legal tool behind its already successful management and guard system for Canada's fisheries. Even though foreign fishing effort within our 200-mile zones has been dramatically reduced since jurisdiction was extended in 1977, and the Fisheries Department's surveillance and enforcement program continues to constitute a strong deterrent to foreign misconduct, we must continue to improve our strength in these areas wherever necessary.

In asking for your full support for Bill S-3, honourable senators, I am asking for your participation in a continued demonstration of Canada's resolve to control foreign fishing activities within Canadian waters—a resolve which is naturally welcomed by Canadian fishermen and the Canadian public in general.

If the Senate sees fit to give second reading to this bill, I intend to ask that it be referred to the Standing Senate Committee on Foreign Affairs.

On motion of Senator McDonald, for Senator Petten, debate adjourned.

The Senate adjourned until Tuesday, November 6, at 8 p.m.

## THE SENATE

Tuesday, November 6, 1979

The Senate met at 8 p.m., the Speaker in the Chair.  
Prayers.

### CLERK'S ACCOUNTS

STATEMENT TABLED PURSUANT TO RULE 112

**The Hon. the Speaker:** Honourable senators, I have the honour to inform the Senate that in conformity with rule 112, the Clerk of the Senate has laid on the Table a detailed statement of his receipts and disbursements for the fiscal year 1978-79.

REFERRED TO COMMITTEE

**Senator Roblin** moved:

That the Clerk's accounts be referred to the Standing Committee on Internal Economy, Budgets and Administration.

Motion agreed to.

### INCOME TAX ACT CANADA PENSION PLAN

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-17, to amend the statute law relating to income tax and to amend the Canada Pension Plan.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

**Senator Roblin** moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the orders of the day for second reading at the next sitting.

Motion agreed to.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Report to Parliament on Immigration Levels, pursuant to section 7 of the *Immigration Act*, 1976, Chapter 52, Statutes of Canada, 1976-77.

Report of expenditures and administration in connection with the *Unemployment Assistance Act* for the fiscal years ended March 31, 1976, 1977 and 1978, pursuant to section 8 of the said Act, Chapter U-1, R.S.C. 1970.

Annual Report to the Governments of the United States and Canada by the Columbia River Treaty Permanent Engineering Board for the period October 1, 1977 to September 30, 1978.

Report on the administration of the *Canada Student Loans Act* for the loan year ended June 30, 1978, pursuant to section 18 of the said Act, Chapter S-17, R.S.C., 1970.

Report on the administration of Allowances for Blind Persons in Canada for the fiscal year ended March 31, 1978, pursuant to section 12 of the *Blind Persons Act*, Chapter B-7, R.S.C., 1970.

Report on the administration of Allowances for Disabled Persons in Canada for the fiscal year ended March 31, 1978, pursuant to section 12 of the *Disabled Persons Act*, Chapter D-6, R.S.C., 1970.

Copies of report of the Administrator under the *Anti-Inflation Act*, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the reference on Mr. Antonio Boily, Jonquière, Quebec, dated October 31, 1979.

Report of the Law Reform Commission of Canada for the year ended May 31, 1979, pursuant to section 18 of the *Law Reform Commission Act*, Chapter 23 (1st Supplement), R.S.C., 1970.

### BANKING, TRADE AND COMMERCE

REPORT OF COMMITTEE EXPENSES TABLED

**Senator Hayden**, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, tabled, pursuant to rule 84, a report of expenses incurred by the committee in the Fourth Session of the Thirtieth Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate*.]

### HEALTH, WELFARE AND SCIENCE

REPORT OF COMMITTEE EXPENSES TABLED

**Senator Marshall**, Chairman of the Standing Senate Committee on Health, Welfare and Science, tabled, pursuant to rule 84, a report of expenses incurred by the committee in the Fourth Session of the Thirtieth Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate*.]



## RETIREMENT AGE POLICIES

### REPORT OF COMMITTEE EXPENSES TABLED

**Senator Croll**, Chairman of the Special Senate Committee on Retirement Age Policies, tabled, pursuant to rule 84, a report of expenses incurred by the committee in the Fourth Session of the Thirtieth Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate*.]

## AGRICULTURE

### REPORT OF COMMITTEE EXPENSES TABLED

**Senator Argue**, Chairman of the Standing Senate Committee on Agriculture, tabled, pursuant to rule 84, a report of expenses incurred by the committee during the Fourth Session of the Thirtieth Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate*.]

● (2010)

## NORTHERN PIPELINE

### REPORT OF COMMITTEE EXPENSES TABLED

**Senator Olson**, Chairman of the Special Committee of the Senate on the Northern Pipeline, tabled, pursuant to rule 84, a report of expenses incurred by the committee in the Fourth Session of the Thirtieth Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate*.]

## RETIREMENT AGE POLICIES

### FIRST REPORT OF SPECIAL COMMITTEE PRESENTED

**Senator Croll**, Chairman of the Special Senate Committee on Retirement Age Policies, presented the following report:

Tuesday, November 6, 1979

The Special Senate Committee on Retirement Age Policies makes its first report, as follows:

Your committee recommends that its quorum be reduced to five (5) members.

Respectfully submitted,

David A. Croll,  
Chairman

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

**Senator Croll** moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

## BANKING, TRADE AND COMMERCE

### COMMITTEE EMPOWERED TO ENGAGE SERVICES

**Senator Hayden**, with leave of the Senate and notwithstanding rule 45(1) (i), moved:

That the Standing Senate Committee on Banking, Trade and Commerce be empowered to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

Motion agreed to.

## CHILDHOOD EXPERIENCES AS CAUSES OF CRIMINAL BEHAVIOUR

### HEALTH, WELFARE AND SCIENCE COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Marshall**, with leave of the Senate and notwithstanding rule 45(1) (e), moved:

That the Standing Senate Committee on Health, Welfare and Science be authorized to inquire into and report upon such experiences in prenatal life and early childhood as may cause personality disorders or criminal behaviour in later life and to consider and recommend such remedial and preventative measures relating thereto as may be reasonably expected to lead to a reduction in the incidence of crime and violence in society;

That the committee have power to engage the services of such counsel, technical and clerical personnel as may be required for the purpose of the inquiry;

That the papers and evidence received and taken on the subject in the Second, Third and Fourth Sessions of the Thirtieth Parliament be referred to the committee; and

That the committee have power to sit during adjournments of the Senate.

**Senator Flynn:** I think a word of explanation at this time would be useful. What is the present state of this study?

**Senator Marshall:** Senator McGrand indicated in committee today that the report is almost complete but that another session is required to finalize it. Authorization is therefore required for that purpose.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

## BANKING, TRADE AND COMMERCE

### COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Roblin**, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate

is sitting tomorrow, Wednesday, November 7, 1979, and that rule 76(4) be suspended in relation thereto.

He said: Honourable senators, perhaps I may be allowed to make a brief comment on the proposal. I am well aware of the problems we face when committees meet while the Senate is in session, and I know the reluctance of some honourable senators to proceed in that way. However, it is the feeling of the committee that it might be advisable for it to meet on Wednesday afternoon to deal with certain urgent matters such as Bill C-17 which is now before us. We have had a certain amount of difficulty in arranging meetings of the committee which would not conflict with Senate sittings. I hope that following further consideration we will be able to arrive at a more permanent solution. In the meantime, I would recommend this measure.

Motion agreed to.

## QUESTION PERIOD

[English]

### ENERGY

#### PRICE OF DOMESTIC OIL—POSSIBLE FEDERAL-PROVINCIAL AGREEMENT

**Senator Olson:** Honourable senators, I should like to ask the Minister of Industry, Trade and Commerce and Minister of State for Economic Development if he can tell us whether, in view of reports we have heard about a deal having been culminated, or indeed initialed, with the Province of Alberta on oil prices and other things, a tentative deal has been entered into between the federal government and the Government of Alberta.

**Senator de Cotret:** Honourable senators, I am happy to answer that question. There has been no deal, either tentatively agreed to, or initialed—to use the honourable senator's phraseology—between the federal government and the Government of Alberta. We are continuing an active period of negotiation and discussion not only with the producing provinces but also with the consuming provinces, to ensure that the interests of Canadians are kept front and centre in this very important area of national policy. We expect that we shall be able to reach a negotiated agreement between all parties in the very near future.

**Senator Olson:** I have a supplementary question for the minister. In view of Premier Lougheed's statement to the effect that it would not be in the economic interest of Alberta to spend huge amounts of money developing the oil sands extracting plant until some reasonable deal or pricing arrangement has been made, can the minister tell us whether or not a reasonable offer has been made to Alberta in order that the province may be fairly certain that it will be able to recover this massive investment?

● (2020)

**Senator de Cotret:** I can assure honourable senators that a most generous offer has been made to the Province of Alberta.

[Senator Roblin.]

By way of an aside, I should like to point out that investors in the oil sands are guaranteed world prices. The economics of the project are such that that is the only price that will justify the massive investments that are required.

In response to your first question, the answer is that, yes, there has been a very interesting offer made to the Province of Alberta. It is still under negotiation, and we expect to have a negotiated agreement soon.

**Senator Olson:** A final supplementary: When will the minister take the members of this chamber and, indeed, the Canadian public, into his confidence and inform us what the "reasonable offer" is?

It would appear, given the way in which Premier Lougheed has responded to date, that he does not think they are reasonable offers.

Surely on something as important as this—an agreement that will set the pattern for oil prices for perhaps the next three to five years—the government should keep the people of Canada informed. It is the people of Canada who will be affected by it.

**Senator de Cotret:** These are very important negotiations, and it has certainly been our decision not to negotiate through the public media. The negotiations have been ongoing. You are well aware of that. There is a very delicate balance to be achieved between consumer and producer interests in this area. As well, there is the question of provincial rights. A number of issues are front and forward in the discussions. We expect very shortly to be able to announce a negotiated settlement, an agreed upon settlement among the various parties concerned, and at that point I shall be more than happy to reveal the details.

**Senator Perrault:** Perhaps the minister could tell us the expected date of that announcement.

**Senator Flynn:** Yesterday.

**Senator Perrault:** Honourable senators are aware of the rather disturbing prediction of the National Energy Board last Friday of possible oil supply problems over the next few months. Canadians are deeply concerned about the situation. Can the minister give us the date of this expected announcement?

**Senator de Cotret:** Yes, very shortly. I do not have the specific date, but I would expect that in the very near future we will be in a position to announce an agreement. As to the potential for energy shortages, this is certainly not something that we expect will happen.

#### REMARKS OF DR. JAMES GILLIES AT LOS ANGELES

**Senator Perrault:** Honourable senators, when I first rose I neglected to welcome the Minister of Industry, Trade and Commerce back from Los Angeles. I am sure he had an interesting visit. We are gratified that he has found time to meet with us in the chamber and to discuss with us matters of public policy.



On Friday last, Dr. James Gillies, the chief policy adviser to the Right Honourable the Prime Minister—he could have been at the same conference in Los Angeles—told a group of economists in California, and I quote:

—Canada has the potential to become an important world supplier of energy, possibly enough to return the Middle East to the insignificance it so richly deserves—

I see some government members applauding that statement. Obviously, then, this view must represent official government policy.

First of all, was the Minister of Industry, Trade and Commerce present when this rather startling statement of apparent government policy was made?

**Senator de Cotret:** First, let me thank the honourable senator for his welcoming me back to the chamber. As he knows, I was in Los Angeles representing the Government of Canada at a meeting—the first in a series of such meetings in key American cities—with a representative group of American businessmen to acquaint those businessmen with the potential that exists in Canada for the next decade. Obviously, honourable senators will appreciate that, given the kind of trade situation and current account situation we face, this is a very high public policy priority on our part.

I would like to report that the meeting went very well and that the prospects for the Canadian economy, as described by government spokesmen and spokesmen we had invited from the private sector, representing a number of key industries, were very interesting to our guests in the United States. Over all, the meeting was a great success.

I recognize that the honourable senator is adept at taking quotes from here and there. Last week, if I remember, he took one from the speech by Premier Lougheed, and I would like to assure the honourable senator that I read it very thoroughly. Today his quote is from a speech given by Dr. Gillies. I did not attend the function at which that speech was made; it was not in the plans for my visit. This was a quotation taken totally out of context, however, and I can only assure the honourable senator, once again, that on verification with Dr. Gillies the accurate description of what he said suggested that Canada, to the extent that it was exposed to the vagaries of international pricing, particularly at the hands of cartels, would benefit greatly from self-sufficiency, from security of supply, from being masters in our own house, and, relative to what happened in 1973, that we would welcome not having powerful foreign cartels dictating domestic policy actions. If the comment is looked upon in the whole context of the remarks he was making it will be seen that it is a comment that is extremely plausible.

**Senator Perrault:** May I suggest to the honourable minister that after the traumatic events of recent months with respect to the sensibilities of certain nations in the Middle East, this is hardly the time for the chief policy adviser to the Right Honourable the Prime Minister to say, "The Middle East should be returned to the insignificance it so richly deserves,"

unless the minister, this evening, denies that those words were actually employed.

It is significant, honourable senators, that in defence of what he said, Mr. Gillies stated, in response to a suggestion that he may have "opened old wounds," "I can see now that I might have, but that never entered my mind down in Los Angeles."

Now, Mr. Minister, why not state candidly to the Senate that these were obviously very unfortunate remarks by the senior policy adviser? I would suggest that the Right Honourable the Prime Minister should call Mr. Gillies into his office and discuss with him critically his statement made at a time when our relations with certain nations in this world are in a very sensitive condition. I want to ask the minister whether at this time there have been any adverse reactions to this speech from the embassies of any Middle East countries.

**Senator de Cotret:** First of all, the most deplorable fact is the interpretation that is being given to these remarks, and, unfortunately, being applied by the honourable senator opposite. The remarks in question have to be looked at in the context in which they were spoken. They were not meant to downgrade the importance of the relationships that we have, and hope to develop further, with the Arab states. I will make no apology for the fact that we do intend to develop strong relationships and improve our bilateral trade patterns with the Arab states.

I would also like to say, speaking of adverse reaction, that I was informed late this afternoon that the Government of Saudi Arabia had signed an important contract with a Canadian firm. I do not have the details this evening. I will be happy to give honourable senators the details of this contract at the next sitting of this house.

**Senator Perrault:** Honourable senators, I do not think the minister should place himself in the position of defending the indefensible. What, in his view, constitutes, "the degree of insignificance that the Middle East so richly deserves"? What does this mean? Does it have any meaning at all, or is this position totally denied by the government?

● (2030)

**Senator de Cotret:** I have a lot of difficulty attempting to answer a question like that. I would like to think that energy policy decisions made anywhere outside this country do not have a direct effect or significance on what we do in this country. That is why we want to become self-sufficient in energy. That is the whole name of the game—so we can make and call the shots.

**Senator Perrault:** This is my final supplementary: Is it anticipated that Mr. Stanfield will be sent on a second expedition to the Middle East in order to explain Canada's position?

**Senator de Cotret:** Of course not.

## FOREIGN AFFAIRS

### PLIGHT OF CAMBODIAN PEOPLE

**Senator Macquarrie:** Honourable senators, modesty is not my bag because I defer to no one for my interest in the Middle

East in the past quarter century. I should like to ask the honourable minister in charge of CIDA, an important and proven internationalist, a question in relation to a very significant issue which, in my judgment, indicates our concern for the whole international scene.

The great poet, John Keats, described the civilized man as one for whom the miseries of the world are a misery. The Secretary of State for External Affairs made a statement yesterday in relation to the appalling suffering, proven and elaborated upon, in Cambodia or Kampuchea—the change of name is insignificant to me, but the suffering is meaningful to me. Can the minister in charge of CIDA indicate to this very important chamber what the Canadian government's attitude is towards that terrible, appalling and painful area of world suffering? I would ask him to expatiate upon his policy.

[Translation]

**Senator Asselin:** Honourable senators, I think this house already knows the thrust of the speech made by the Secretary of State for External Affairs yesterday at the United Nations concerning Cambodia and Kampuchea. I believe the Secretary of State for External Affairs expressed on behalf of Canadians all the sympathy our people have for Cambodia and Kampuchea, a country dying of famine and disease. I believe that so as not to be accused of contradicting the Secretary of State for External Affairs, I would like to quote two paragraphs from the speech she delivered yesterday at the United Nations which will enable you to judge the whole thrust of her statement.

[English]

**Senator Olson:** You just happen to have that?

**Senator Asselin:** I will explain it to you later on.

**Senator Flynn:** It would take too long.

**Senator Asselin:** No, it will not take too long.

**Senator Flynn:** To state it to him?

[Translation]

**Senator Asselin:** The Secretary of State for External Affairs said the following yesterday at the United Nations, and I quote:

I am able to announce that Canada's contribution to the relief of famine and disease in Kampuchea has now been increased to \$15 million.

We know we had already decided on a contribution of \$5 million, so the minister has increased the amount by \$10 million.

We will determine specifically in the coming weeks the way in which those funds will be channelled in the international campaign.

As others have done, I can only congratulate the Secretary of State for External Affairs for her attitude in this unfortunate tragedy Cambodians are now going through. I urge her to continue to bring relief to those people.

[Senator Macquarrie.]

[English]

#### IRAN—OCCUPATION OF UNITED STATES EMBASSY

**Senator Austin:** Honourable senators, I wonder if I could ask Senator Asselin whether the Secretary of State for External Affairs has, as yet, associated herself with the remarks of Prime Minister Thatcher in connection with the very unfortunate event that has taken place in Tehran regarding American embassy staff and families.

[Translation]

**Senator Asselin:** No, I did not get in touch with the Secretary of State for External Affairs concerning what I just related to honourable senators. I am sure the Canadian Department of External Affairs is following very closely the situation and we sympathize with what is happening to the Americans in Iran.

[English]

**Senator Austin:** I thank the minister for the general answer, but I wonder if any minister of the government is able to inform this house whether this government has represented, in the strongest possible terms, its outrage and the outrage of Canadians at the behaviour of what is left of the Iranian government towards American citizens, particularly the American citizens working for the United States of America in Iran.

**Senator Flynn:** May I say that the House of Commons today adopted a motion—I do not remember by whom it was presented—condemning the actions of the Iranian government. It was presented under standing order 43 of their rules and it was adopted unanimously.

**Senator Austin:** Would the government leader undertake to make representations to the Secretary of State for External Affairs urging her to advise the Government of Iran, in at least the same terms as used by Prime Minister Thatcher, of the attitude of Canadians towards the events that have occurred in that country.

**Senator Flynn:** I shall certainly convey that message, but if you want to present the same motion that was moved in the House of Commons, and, if the Senate adopts it, it will become even more evident to the Secretary of State for External Affairs what the attitude of the Senate is in this matter. I am sure, though, that she understood what was said in the house.

#### ENERGY

##### IRAN—SUPPLY OF OIL TO CANADA

**Senator Perrault:** May I direct a further question on this subject to the Minister of Industry, Trade and Commerce. In view of the resignation of the Government of Iran today and the partial dependence of Canada on Iranian oil supplies—to the extent of about 100,000 barrels a day—and the National Energy Board report last week which suggested that the oil supply situation in Canada could be tight this winter, have any representations gone forward at any level, including political



or economic, to the Iranian authorities to ensure that the supply of oil to Canada will not be interrupted as a result of the disruptions taking place there?

**Senator de Cotret:** We are following the situation very closely, but, as has been said, the government has resigned. How can we have contact with the government when the government has resigned?

**Senator Perrault:** There is still a head of state. There are political contacts there, contacts in the revolutionary committee. This is what I ask.

**Senator de Cotret:** Be assured, honourable senators, that all due representations will be made.

[Translation]

### CROWN CORPORATIONS

#### POSSIBLE SALE OF ASSETS OF CANADAIR

**Senator Denis:** Honourable senators, may I ask a question to the Minister of State for Economic Development?

**Senator de Cotret:** Yes.

**Senator Denis:** Recently I asked him a question about the Quebec minister, Mr. Landry, who seems to be quite concerned that Canadair should remain in Quebec. Since you met that minister yesterday, I would like to know if the purchase of Canadair was mentioned?

**Senator de Cotret:** I would like to answer that in our discussions with our counterparts in the Quebec cabinet we did mention the development of the aeronautical industry, especially in the Montreal area. No question was raised about the sale, or the means, process or details of the sale of Canadair.

**Senator Denis:** Did Mr. Landry not mention that he would like that company to remain in Quebec and belong to Quebecers?

**Senator de Cotret:** Honourable senators, the only comment made in that regard was that the Quebec Minister of Economic Development mentioned that a group of Quebecers was interested in purchasing the assets of the government in Canadair. There has been no discussion about the members of that group nor about special interests involved. I should point out that it was a passing remark made during the discussion but no specific reference was made in the Orders of the Day.

**Senator Denis:** In other words, you do not care whether or not Quebec buys Canadair.

**Senator Flynn:** The province!

**Senator Denis:** The province or Quebecers, it matters little, because the newspapers publish the statements of the minister to the effect that it would be a crime if Quebec, the government or Quebecers should lose Canadair. I would like the minister to tell us whether or not the subject was discussed seriously at their last meeting. I see it was not.

**Senator de Cotret:** I should like to repeat to the honourable senator that Quebec, in the past, made it known very clearly that it would prefer to see the shares of Canadair bought by

Quebecers. That position was made known. On the other hand, I have never had, officially or otherwise, any discussions about the participation of the province in the purchase of Canadair.

**Senator Denis:** Recently, in reply to some of my questions, the senator said that the minister—I mean Mr. Landry—did not say anything about keeping Canadair for Quebecers.

**Senator de Cotret:** I remember your questions very well, as I also do my answers. In my discussions with Mr. Landry no mention was ever made of the province of Quebec being interested directly in participating in the purchase, by the private sector. In that case, it would no longer be a private purchase of the assets the Government of Canada now holds in Canadair. Nothing was ever said about that.

**Senator Denis:** One last question: does the government intend to put Canadair up for sale before the Quebec referendum?

**Senator de Cotret:** The timetable followed with regard to the decision to hand over some crown corporations to the private industry is in absolutely no way related to the referendum.

**Senator Denis:** But that is not my question. I asked whether Canadair would be put up for sale before the referendum, that is, in the spring of 1980. That is easy to answer. If you do not intend to put it up for sale, just tell us so.

**Senator de Cotret:** It has been clearly indicated that these corporations are to be sold to the private sector under certain conditions, and that a committee would establish the terms of the transfer. You mentioned the referendum. Nobody knows exactly when it will be held. So how could I say whether it will be put up for sale before or after the referendum.

**Senator Denis:** Well, just tell us then when will it be put up for sale?

**Senator de Cotret:** When we are good and ready.

**Senator Denis:** I do hope you get a good price for it.

### TRANSPORT

#### RUMOURED MERGER OF AIR CANADA AND CP AIR

**Senator Marchand:** Honourable senators, to continue on the subject of aviation, rumours are going around more and more that Air Canada and CP Air are currently negotiating a possible merger. Could the minister advise us whether these rumours are well founded and whether the government has formally heard about it?

**Senator de Cotret:** To the best of my knowledge, no. I have heard nothing about it and I have not had any report about discussions on that subject.

Now that is my own personal view. However I can ask my colleagues if they have heard anything. All I can say is that personally, I have not heard anything to that effect.

**Senator Flynn:** I have here a text—and if Senator Marchand could be satisfied with—now my friend, Senator Lamontagne, what are you saying? You always have the knack of talking when someone else is asking a question. If you want to ask questions, why don't you do it openly and straightforwardly so that we can deal with you directly?

**Some Hon. Senators:** Order.

● (2040)

[English]

**Senator Olson:** Mazankowski says there is.

[Translation]

**Senator Flynn:** Did I hear the sweet voice of Senator Guay? I have here the text of the speech delivered by the Minister of Transport. He spoke of certain actions and he mentioned the possibility of an agreement between CP Air and Air Canada concerning the rationalization of international routes. However this was not a suggestion on his part. If Senator Marchand cares to read the text he will see for himself the speech tends to destroy the argument that he just made.

However, I think that it is a simple statement about certain problems affecting Air Canada and CP Air. Nowhere is there mention of merger but simply of an attempt to rationalize international routes where there is still some degree of competition—

[English]

**Senator Olson:** A partial merger.

[Translation]

**Senator Flynn:** No, rationalization. Obviously Senator Olson would like to suggest that there will be "a certain merger," but there is no such mention. At the present time the minister is only thinking of some rationalization in the use of international routes. That is all it is and I think that the text will clear up any doubts, even in Senator Olson's mind.

[English]

**Senator Perrault:** Integration.

**Senator Olson:** Privatizing.

[Translation]

**Senator Marchand:** I have a supplementary question. In fact, I understand very well the problem of rationalization of air routes, it is not a new problem, but rather a permanent one. But could the honourable minister tell us whether this government considers Air Canada to be part of the list of corporations that could eventually be given up to the private sector?

**Senator Flynn:** I can answer no.

#### MIRABEL AIRPORT—FUTURE DEVELOPMENT

**Senator Rizzuto:** I have a question for the Honourable Senator de Cotret concerning the mass transit system between downtown Montreal and Mirabel.

Considering that a rapid transit system between Montreal and Mirabel is essential to the development of Mirabel, as specified;

[Senator de Cotret.]

Considering that the problems of energy self sufficiency call for an intervention of higher levels of government in the mass transit area;

Considering that the problems of pollution, environmental protection and traffic congestion are closely related to this matter;

Considering that a population basin of more than 1 million, in Laval, on the North Shore and in the whole area of the lower Laurentides would benefit from such an essential service;

I would appreciate it if you could let us know whether there are any further developments following your meeting yesterday with representatives of the Government of Quebec.

**Senator de Cotret:** The answer to your question will be brief. There was no decision or specific position on our part. This is a matter which was raised with Quebec last summer, specifically between the Minister of Transport, Mr. Mazankowski, and the then Quebec Minister of Transport, Mr. Lessard. As you know, there was a cabinet reshuffle in Quebec and a new Transport Minister was appointed.

There is however, a small study group with representatives from the Quebec Department of Transport and the federal Ministry of Transport studying the matter. According to schedule, this group must report by December 25 and a decision will then be reached as regards mass transit and Mirabel. The schedule was confirmed by both parties at yesterday's meeting.

Obviously, both parties wish to resolve that matter as soon as possible in a permanent way, through a solution which will really go to the core of the problem as regards this airport development.

## THE CABINET

### QUEBEC REPRESENTATION

**Senator Rizzuto:** Honourable senators, I have yet another question for the minister.

The day after the May 22 victory, the Prime Minister, Mr. Clark, assured all concerned that one of his main priorities would be to see that the province of Quebec be well represented in his cabinet and that its rights be protected.

As far as representing the people of Quebec is concerned, the three of you here are the living proof that the promise was kept. However, as far as their rights are concerned, I think it is doubtful whether the interests of that province are seriously taken care of by the ministers who represent it within the cabinet.

I am sure that your attitude is a great contribution to the policy of the Quebec government which tries its very best day after day to demonstrate that the federal government does absolutely nothing for the Quebecers.

I would like you to tell me what your government, the federal government, has done for the people of Quebec since the day they came to power besides delaying projects to be undertaken in Quebec such as Place Guy Favreau and the



National Research Centre in Boucherville, to name only those two.

**Senator de Cotret:** Honourable senators, really, there are limits to the extent one is allowed to exaggerate.

As far as Place Guy-Favreau is concerned, the Liberal administration spent 12 years—that is four electoral campaigns—shouting their mouths off about it. Yesterday, we said very clearly that a specific decision would be made and announced within the next few weeks about that project.

On September 14, the Minister of Supply and Services announced that the government would proceed as quickly as possible with the Boucherville National Research Centre project.

I could mention others. The files we are discussing are those the previous government tried to bury for years after years. They brought them back to life during each election campaign to make political hay.

**Senator Rizzuto:** I addressed my question to the honourable minister and instead of answering, he described what the former federal government did when they were in power.

That was not my question. I did not want to know that; I wanted to know whether this new government has actually done anything.

**Senator Charbonneau:** That is not a question. That is a speech.

**Senator Rizzuto:** That was not a speech. I asked a clear and simple question: What has this government done for the Quebecers during the five months since it came to power?

**Senator Flynn:** Honourable senators, after listing those projects, I will say the former government did very little.

**Senator Marchand:** Honourable senators, I rise on a point of order.

I think that the Minister of State for Economic Development might be going a little too far because as far as the Guy Favreau plaza is concerned, the facts, as he has been told, are that the federal government made the purchase with the intention of building this plaza simply because this was necessary to build the Desjardins plaza in Montreal.

**Senator Flynn:** This is possible. After we were attacked so vigorously by Senator Rizzuto, we may have made a slight exaggeration, but this does not surprise me as it occurred much more often in your time.

**Senator Marchand:** This has probably happened in the past, but if you accept this, it is all right.

**Senator Flynn:** We are quite ready to accept this.

**Senator Rizzuto:** Honourable senators, the Leader of the Government does not seem to have liked my intervention.

**Senator Flynn:** No, I did not like it.

**Senator Rizzuto:** The honourable Leader of the Government does not look pleased about my intervention. As a matter of fact, we may no longer be able to be sure about the answers given by the three ministers who sit in this assembly if they

continue to tell us that we may have some answers in January and affirmative replies in the spring.

We want an answer to this for the population of Canada and the population of Quebec. This is what we do not have.

**Senator Flynn:** I shall give you answers. But the trouble is that when we give you answers, you do not understand.

**Some Hon. Senators:** Order.

**Senator Rizzuto:** Honourable senators, I would ask the Leader of the Government to withdraw his comments because I do not think that we can understand his answer if he does not answer our questions.

● (2050)

[English]

## FOREIGN AFFAIRS

### CIDA—AID TO CAMBODIA

**Senator Buckwold:** Honourable senators, I am sorry that I cannot continue with the fire that has been roused so far in the Question Period. My question is directed to the Minister of State for the Canadian International Development Agency. No doubt he will be glad to know that it is relatively simple.

I am delighted to hear that the Government of Canada has announced a \$15 million contribution to those who need it so badly in Cambodia.

My question to the minister is in relation to his announcement last week that up to \$100 million could be deducted from the budgetary expenditures of CIDA. Their work, in the opinion of many, is most important as well as being a help to refugees and others in Cambodia. Will this \$15 million that the Government of Canada has now directed for this worthwhile cause be an additional deduction from the expenditures of CIDA?

[Translation]

**Senator Asselin:** I will try to get that information from the Secretary of State for External Affairs whose department has already provided \$5 million for the Canadian International Development Agency.

I will inquire and answer the honourable senator's question later.

[English]

**Senator Buckwold:** Honourable senators, I think it is important that we get the answer to this question.

**Senator Asselin:** I do not mean that you will not have the answer. I have told you that I will take notice of your question and give you the answer tomorrow or perhaps at a later date.

**Senator Buckwold:** Thank you. I am delighted that \$15 million is being given, but I am sure the Senate would be most anxious to know that we are not giving with one hand and taking away with the other.

### MEETING OF UNALIGNED NATIONS, HAVANA, CUBA—POSTURE TOWARDS CANADA

**Senator Bird:** Honourable senators, two weeks ago I asked the minister responsible for CIDA on behalf of the Depart-

ment of External Affairs for a transcription of those sections in which Canada was mentioned in debates at the summit conference of non-aligned nations at Havana. Since then I have received a memorandum from his office saying that, unfortunately, there is no such transcription.

However, I was sent a copy of the final declaration from the conference, and in paragraphs 73 and 74 Canada is called an "imperialist" power, along with the United States, Great Britain, France, the Federal Republic of Germany, Japan, Belgium, Italy, Australia and Israel. The reason given in the declaration is, I think, understandable. It is that those nations "cannot escape blame for the existence and maintenance of racist oppression and the criminal policy of apartheid, because of their political, diplomatic, economic, military, nuclear and other forms of collaboration with the Pretoria regime to deny the South African people their legitimate aspirations."

The memorandum also stated that several countries such as Sri Lanka had publicly disassociated themselves from paragraph 73, but that the Department of External Affairs had no "definitive list" of the other countries.

I want to thank the honourable minister for providing me with this information. Today I would like to ask him two things. First, would he table in this house any further mention of Canada that the Department of External Affairs has found in its study of the proceedings, or in its observance of the proceedings, of the Havana conference? For example, I think it is important that the Senate know what Pakistan said, and why, when, as has been stated by the Minister of External Affairs, it led the attack on Canada.

Second, I would ask the minister to table the definitive list of those unaligned nations that disassociated themselves from section 73 of the final communiqué. I assume that by now the department must have the definitive list, and I cannot help feeling that it is rather important that we should know it and that the government should know it in order to form foreign policy.

• (2100)

**Senator Asselin:** I believe this is a question that should be put on the order paper. It might be easier for the minister to answer the question in detail if that were the case. However, having listened to the question, I shall inquire of the minister and determine the details. I will be happy to answer that later on.

## THE ECONOMY

### EXCHANGE VALUE OF CANADIAN DOLLAR

**Senator Everett:** Honourable senators, I have a question to put to the Minister of State for Economic Development. On October 10, 1979, I asked the minister the following question:

The Governor of the Bank of Canada, in his statement, said that one of the reasons why interest rates in Canada had to be increased was that we could not allow the Canadian dollar to fall any further in terms of the curren-

cies of our major trading partners because of the inflationary effect that would have.

Given that the government agrees with the action of the Governor of the Bank of Canada, does that indicate that there is now a floor under the Canadian dollar?

I have been reading *Hansard* but I have not been able to find an answer to that question. I wonder if the minister has given one yet.

**Senator de Cotret:** No, I have not. I referred the question to the Minister of Finance. There is no doubt that because of his heavy schedule he has not given me a specific answer that he would like to communicate to Senator Everett. I will bring the matter to his attention again, and as soon as he provides me with an answer, I would be happy to give the answer to Senator Everett.

**Senator Everett:** I have a supplementary question, Mr. Minister.

Within four days, a month will have elapsed since the question was asked. The question relates to a statement made by the Governor of the Bank of Canada. That statement was clear and unequivocal and given to the press. The question relates to the very heart of economic policy.

I undersand that you have communicated the question to the Minister of Finance. I must say that I am surprised that you cannot answer a simple question like that. It does put into question how much control you have over economic policy in this country. It is just too long for Parliament to wait for an answer to a question which was raised by the Governor of the Bank of Canada in his—

**Senator Smith (Colchester):** We waited for months.

**Senator Everett:** Do you want to continue that sort of thing? Is that your policy?

**Senator Steuart:** You should be on this side if you do.

**Senator Everett:** The minister is doing a good job of continuing that policy. I would like an answer to a very straightforward question, and I will repeat it to him: Is there a floor under the Canadian dollar?

**Senator de Cotret:** I shall endeavour to provide an answer to my honourable friend as soon as I possibly can.

However, I would like to underline the fact that the Minister of Finance has responsibility for the stabilization policy and has responsibility of the overall fiscal framework. The Minister of Finance has direct responsibility over the actions that are taken under the foreign exchange account. Those are not responsibilities that fall under the longer term purview of the Committee on Economic Development. The Minister of Finance is the Minister of Finance.

While I would be happy to give you my own views on the situation, the answer to the question is an answer that should be provided not by me but by the Minister of Finance in his capacity.

**Senator Everett:** I agree that the Minister of Finance should provide the answer. I just think that it has taken an inordinate-



ly long time. As I say, it does bring into question how well the government has the economy and economic policy under control. Since you have offered to give us your views, I would be satisfied to hear those now as an interim answer until the Minister of Finance gets an opportunity to answer the question.

**Senator Olson:** Give us Gillies' opinion, too.

**Senator Flynn:** I suggest that the Minister of Finance must understand exactly what you mean.

**Senator Molgat:** The minister offered us his views.

[Translation]

### INTERNATIONAL TRADE

#### AGREEMENT TO PURCHASE OIL FROM MEXICO

**Senator Lamontagne:** Honourable senators, I have a question for the Minister of State for Economic Development.

When I asked my question on October 30th—pardon me, I did not hear what you said?

**Senator Flynn:** It was addressed to me.

**Senator Lamontagne:** You said a moment ago that I did not dare stand in my place, see.

When about a week ago I asked the Minister of State for Economic Development a question on our trade relations with Mexico, he stated several times that additional negotiations were not needed to implement the agreements discussed by the former government and that they would simply be initialled during a forthcoming visit of the President of Mexico to Canada.

On the other hand, our ambassador in Mexico told *Le Devoir* on October 30th this story concerning the agreement on industrial co-operation, and I quote:

We are working on a mechanism needed to implement this agreement before the visit to Canada of the Mexican President.

As far as the agreement on oil is concerned, our ambassador, Mr. Claude Charland, has said that the negotiations on price and delivery could be resumed very shortly.

In view of these contradictory statements, can the minister tell us who is right, the ambassador to Mexico or himself?

**Senator de Cotret:** Honourable senators, I do not see any contradiction between the remarks made by our ambassador to Mexico, Mr. Charland, and the answers I gave the other night.

With reference to agreements on economic co-operation, it is understood that Canada is seeking a means to make that agreement effective, not with a view to a final conclusion but rather to an intervention, an actual Canadian presence on the Mexican market.

I think I also mentioned in my answer the other evening—pardon me? We do not have to negotiate that. How can we ensure that this agreement will be profitable as expected by both sides? In addition, it is understood that every effort is being made to ensure that the agreement is fruitful.

As far as the agreement on energy pricing is concerned, the agreement itself deals with the matter of delivery, since the question of pricing has not been settled.

It is rather an agreement on principle. Furthermore, it is understood that, in the years to come, we will have to discuss specific price components and delivery dates.

Therefore, I do not find any inconsistency between the remarks of the ambassador and the answer I gave the other night.

**Senator Lamontagne:** Is it not true that in the agreement which had been signed with Mexico by the former Minister of Energy, it said that oil deliveries would reach Canada as of the end of 1979?

**Senator de Cotret:** Honourable senators, I should like to take notice of this question in order to give you a detailed answer. At this time, to the best of my knowledge I would answer no. But I should like to check the records to give you a more precise answer.

**Senator Lamontagne:** A last supplementary question on that matter. Is it not true, as reported in *Le Devoir*, that the agreement on energy has yet to be signed, and I quote:

Has yet to be signed by the two ministers concerned.

**Senator de Cotret:** Yes, to the best of my knowledge, it has yet to be signed at the ministerial level.

[English]

### FOREIGN AFFAIRS

#### CZECHOSLOVAKIA—TRIAL OF CHARTER 77 MEMBERS

**Senator Haidasz:** Honourable senators, I would like to ask the Minister of State for the Canadian International Development Agency to answer a question on foreign policy. Would the minister inform us whether the Government of Canada has sent a formal note to the Government of Czechoslovakia expressing concern about the way the recent trial of certain members of Charter 77 was conducted and the harsh sentences imposed on those persons for demanding their rights according to the Helsinki Final Act?

• (2110)

**Senator Asselin:** Honourable senators, I may be mistaken, but I am under the impression that in this regard a unanimous resolution was adopted in the other place last week. I shall check and advise the honourable senator.

#### HELSINKI FINAL ACT—MONITORING OF VIOLATIONS

**Senator Haidasz:** I have a supplementary question. Can the minister inform us whether any federal government officials are monitoring violations of agreements provided in the Helsinki Final Act in preparation for Canada's position at the forthcoming Madrid review conference?

**Senator Asselin:** The answer is the same. I shall take the question as notice and will provide an answer in due course. Why is the Honourable Senator Hays laughing?

**Senator Flynn:** He is not laughing at the answer; he is laughing at the question.

## TRANSPORT

### SPEECH OF MINISTER TO AIR TRANSPORT ASSOCIATION OF CANADA TABLED

**Senator Steuart:** Honourable senators, I wish to direct a question to Senator Flynn. In his reply to Senator Marchand's question regarding the so-called blueprint for Canadian aviation, laid out in a speech given by the Honourable Donald Mazankowski in Toronto, he waved what I presume was a copy of the minister's speech. I wonder if the honourable senator would be kind enough to table that copy if he has it. According to the *Citizen*, the speech was very contradictory. The minister spoke about a merger of both international and national flights, which was contradictory to the main thrust of his speech, which seemed to be directed to more competition from Canada, and certainly from Saskatchewan. What we look forward to is more competition. I wonder if the honourable senator would table his copy of that speech.

**Senator Flynn:** I will be pleased to table that document. I am not surprised that in these complex areas the press may be confused. They are often mixed up over more simple matters.

*Senator Flynn then tabled:*

Copy of notes for a speech by the Minister of Transport to the Air Transport Association of Canada, Toronto, Ontario, on November 5, 1979. (*English Text*)

## ENERGY

### PERMITS FOR OFFSHORE OIL EXPLORATION— FEDERAL-PROVINCIAL JURISDICTION

**Senator Austin:** I have a question for the Leader of the Government in his capacity as Minister of Justice. Will the federal government stand by licences and permits given for offshore exploration in cases where those licences and permits may be different from those awarded by a province? In other words, what I am asking the minister, who looks a little puzzled, is whether grants in the form of licences from the federal Crown which have been acted upon and on which money has been spent, will be maintained, and also the jurisdiction of the federal government maintained, in the event of conflict with provincial permits which have been awarded?

**Senator Flynn:** That is a rather technical question. I shall have to take it as notice. It seems to me that any agreement by the federal government with a province concerning offshore resources would include a solution to that problem.

**Senator Austin:** I wonder how it would be solved. We have been giving permits to oil companies for drilling on the Grand Banks and off the coast of Labrador. The Province of Newfoundland has awarded conflicting permits.

**Senator Flynn:** The province?

[Senator Asselin.]

**Senator Austin:** Yes. The oil industry is keen to have an assurance from the government that federal permits that have been awarded, upon which money has been spent, will be valid and that the government will not dissent or detract in any way from that position in its negotiations with the Province of Newfoundland.

**Senator Flynn:** The honourable senator mentioned two things. He referred to conflicting permits by the province. He mentioned conflicting permits by the federal government and permits by the province.

If there are conflicting permits issued by the province, that would be a problem for the province. If it is a conflict resulting from permits granted by both governments, the issue will be resolved with agreement on offshore resources.

I do not know very much about the technical aspects of the problem, but from the aspect of pure logic, it would seem that if the federal government has granted permits, it would ask the provincial government to honour them. Perhaps I do not see problems where my honourable friend sees them.

**Senator Austin:** That is often the case. As a supplementary question, I am glad the minister understood my question correctly on the second try. If the federal permits are not valid and the provincial permits are maintained by the provincial government, federal lessees will be looking for compensation from the federal government. If the reverse is true, the province of Newfoundland will have to pay compensation for permits it has awarded.

**Senator Flynn:** That is part of the negotiations, I suspect.

## INDUSTRY, TRADE AND COMMERCE

### STATEMENT BY MINISTER AT LOS ANGELES

**Senator Lamontagne:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce and Minister of State for Economic Development. Given the following statement that he made in Los Angeles, "The government should be a referee, not a central actor in the economy"—thereby, in my view, advocating a return to the old laissez-faire attitude of the nineteenth century—given also the statement, "The Clark government is pursuing a close economic partnership with business and labour groups," could the minister tell us how a referee, responsible for the enforcement of the rules of the game, can also actively participate in the game by forming a close partnership with the players?

**Senator Perrault:** It would not be allowed in the CFL.

**Senator de Cotret:** Even in the CFL a referee could call in both sides and have a little talk at the centre line. Certainly when the outcome of the game is as important as the outcome for this country of our economic development in the next decade, I think it is not only incumbent on government but it is its privilege, and its responsibility to bring together the other major economic partners, to talk about where we are going as a society, how we hope to get there, and make sure that everyone clearly understands some of the problems and issues that we shall have to overcome in achieving those goals.



Certainly, when we talk about economic consultation, about economic partnerships with the other major economic participants in our economy, that is the kind of dialogue that we hope to develop and continue on an ongoing basis throughout the next decade. When we talk about—

**Senator Lamontagne:** That is not my question.

**Senator de Cotret:** Your question, senator, if I understood you correctly, is how I reconcile the thesis, or the approach, of economic partnership and economic consultation with the approach of government playing a less direct interventionist policy—

**Senator Lamontagne:** I said “referee.”

**Senator de Cotret:** I will tell the honourable senator that I firmly believe that the government of this country has all the coercive powers it possibly needs to ensure the kind of economic and social development for which we strive. We do not have to become the direct owner or a direct participant in the process. We have all the coercive powers that are required to ensure that we overcome the difficulties that are in our path, and that our partners proceed with us down that path to the kind of goals and objectives that we set for ourselves. I do not see any contradiction between the two themes.

**Senator Lamontagne:** I cannot see how you can be a partner and a referee.

**Senator Flynn:** If you don't see it, so be it.

## TRANSPORT

### APPOINTMENT OF MANAGER OF SECOND CONTAINER TERMINAL AT HALIFAX

**Senator Flynn:** Honourable senators, I have a reply to Senator Barrow's question of Thursday last in connection with the appointment of a manager for the second container terminal in Halifax. The reason for the delay in selecting an organization to manage the second container terminal is accounted for by the need to re-tender after the first bid was withdrawn.

After the second tender deadline was extended, only one proposal was received, that from Halterm Ltd., and that proposal is currently being evaluated to determine whether negotiations should continue on the basis of that proposal.

The National Harbours Board must receive an appropriate financial return from the potential operator, who in turn should be prepared and able to make a commitment that recognizes the prime importance of the new facility to the port and its hinterland.

The government will make its decision when it is satisfied that these conditions are met in the proposal submitted.

## CRIMINAL CODE

### OFF-TRACK BETTING

**Senator Flynn:** Honourable senators, dealing with Senator Buckwold's question of last Thursday in relation to the govern-

ment's policy on off-track betting, may I say, first, that it is the opinion of the Minister of Agriculture that this issue has already been thoroughly studied. In fact, the reality that studies have been under way without a decision being taken has itself caused uncertainty within the industry.

The minister has met with both proponents and opponents in a preliminary manner, and has asked his department to prepare a final discussion paper on off-track betting, which would include a plan of action. It is his intention to take this proposed action to both groups, seeking agreement, if possible.

The minister is on record as having said that if no agreement can be reached with both sides on the off-track betting question, he will put his proposals to caucus and to cabinet and will ask for a decision so that he might go ahead and implement a plan.

While the minister obviously wants a decision as soon as possible, the process of consultation with the affected parties will probably result in a decision by early 1980 at the soonest.

[Translation]

## FOREIGN AFFAIRS

### POSSIBILITY OF ESTABLISHING CONSULATE IN WEST JERUSALEM

**Senator Asselin:** Last week, Honourable Senator Haidasz asked me to inform this house whether the government now intends to open a consulate in Jerusalem. As I stated on October 30, this government accepted all of Mr. Stanfield's recommendations, as included in his preliminary report. One of the recommendations dealt with the question of a consulate. It reads, and I quote:

[English]

Having considered the matter, I do not recommend that a consular office be established in Jerusalem. Those consulates already in the city have a unique historical status relating back to the Ottoman or British Mandate periods. They have no formal links with the Israeli government. I see no benefit in trying either to duplicate this arrangement or in establishing a consular office under some other arrangement. There is little practical need for such an office for consular purposes and it would not materially assist the ambassador and his staff in discharging their functions with the Israeli government.

[Translation]

### CANADIAN STAFF AT UNITED NATIONS HEADQUARTERS

**Senator Asselin:** Further to a question put forward by my honourable colleague, Senator Muir, concerning our mission to the United Nations, here is my answer:

Our mission to the United Nations in New York is affected by the budget restrictions decided by the previous government. Those measures require a good deal of energy from our officers in the UN so, their spending power is curtailed. However, I would emphasize that our mission in New York enjoys our full confidence. We have a very good group in the United Nations, although they are working under difficult situations. We all have confidence in our high-calibre United

Nations mission, which is recognized for the quality of its work on Canada's behalf.

Honourable senators, I also have a comment on the question put by Senator Lamontagne. I explained to Senator Lamontagne that the documents he requested concerning the Secretary of State have in fact been tabled. I do not have the exact note here, but maybe I could supply the honourable senator with the details that were tabled here in this house.

[English]

## PRESIDENT OF THE UNITED STATES

### VISIT TO CANADA—ARRANGEMENTS

**The Hon. the Speaker:** Honourable senators, it has been brought to my attention that honourable senators may be interested in the arrangements that are now being made for the visit to the Parliament of Canada by the President of the United States and some of his senior officials. There will be a meeting tomorrow morning at which plans will be finalized. It is my intention to make a statement to honourable senators respecting the arrangements for the visit as they involve this chamber, the Senate, and honourable senators. I cannot make a full statement at this time as arrangements are not yet final.

## FOREIGN AFFAIRS

### IRAN—MOTION PROTESTING OCCUPATION OF UNITED STATES EMBASSY

**Senator Austin:** Honourable senators, may I accept the invitation of the government leader with respect to the resolution moved in the House of Commons earlier today on the subject of the events in Iran?

I have been able to obtain a copy of a resolution passed earlier today by the other place in connection with the hostage situation in Iran. I intend to move the same resolution at this point in the hope that it will be adopted also by this house.

● (2120)

The resolution passed by the other place was moved by the member for Fundy-Royal, and seconded by the member for Nepean-Carleton.

In view of the contemptible attitude of the Ayatollah Khomeini of Iran towards the civil liberties and rights of not only his countrymen, but those of legitimate aliens domiciled within Iran's borders and his support of actions of blackmail and terrorism against these defenceless people, I move, seconded by Senator Thompson:

That the Government of Canada extend its protest to the Government of Iran against the latest act of criminal aggression, the siege of the U.S. Embassy and the kidnapping of its staff and their families.

Motion agreed to.

[Senator Asselin.]

## QUEBEC AND MONTREAL PORT WARDENS ACTS

### BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Charbonneau, seconded by the Honourable Senator Walker, P.C., for the second reading of the Bill S-6, intituled: "An Act to amend an Act to provide for the appointment of a Port Warden for the Harbour of Quebec and to amend an Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal".—(*Honourable Senator Petten*).

**Senator Petten:** Honourable senators, I yield to the honourable Senator Marchand.

**The Hon. the Speaker:** Is it agreed, honourable senators, that Senator Marchand proceed now instead of Senator Petten?

**Hon. Senators:** Agreed.

[Translation]

**Senator Marchand:** Honourable senators, I read and reread Bill S-6, not necessarily with the intention of destroying it as you will see, but in the hope of finding in it at least a pretext for some oratory, but I must admit that I did not succeed. I can see that my friend, the Leader of the Government is very happy—

**Senator Flynn:** No, I am not.

**Senator Marchand:** I shall merely make a few comments on that bill which, I think, is perfectly justified and should not be seriously amended except to correct the French in some instances as it is very difficult to understand if you do not read the English version of the bill. Anyhow, this bill is only intended to allow the port wardens of Montreal and Quebec City to request fee increases for their services to the ships using Quebec and Montreal harbours. The maximum rates set in the law date back to 1871 in one instance and 1872 in the other. It does not mean that the fees have not increased since. They have, on several occasions but in 1976 and 1977, the Department of Justice had suddenly the insight to realize those increments were not legal. So, they refused the requests which were presented at that time. Now, I think that these requests are justified as the fees are really lower than administration costs and rates charged for equivalent services by other government agencies or by the United States. Then, this bill is only intended to abolish the maximum rate which is even older than the well-known Crowsnest rates in Canada. So, its aim is to abolish the maximum so that the rates can be increased to meet administration costs.

Harbour officials, more specifically port wardens of Montreal and Quebec are of course not authorized to decide themselves the increase, which means that they must present a request to the government or to the Department of Transport and those increases will take effect only when they are approved.

Are those increases going to have any effect on the inflationary trend in Canada? Sincerely, I do not see how they could



have any effect since they are very marginal indeed. In the first case, that of Montreal harbour, it has a global budget of \$100,000 and in the case of Quebec it is about \$32,000. So when you know that the cost of moving a ship may range between \$5,000 and \$30,000 a day, even if the fees were doubled the increase would not have any impact on the use of Montreal and Quebec harbours.

So, I have no objections. I do not see any either as concerns competitiveness.

As concerns the increase or the elimination of that limit I think that the bill provides for its complete elimination. That is entirely justified, I think, particularly as those fees are paid mostly by foreign ships rather than Canadian vessels.

The second purpose of the bill is to provide consistency as the name of the Board of Trade of Quebec was changed a few years ago and became the Board of Trade and Industry of Metropolitan Quebec. I do not have any objections as it is consistent with the letters patent issued to the new Board of Trade.

As concerns Montreal, the name has also been changed and the expression "Bureau économique de la Société de Montréal" is substituted to the "Chambre de Commerce" to avoid confusion with the Montreal Board of Trade.

I might make lengthy comments but I would not be pertinent. I do not find anything wrong with the first or the second point. Furthermore, I believe that they are both justified and the best thing I can do for you is to sit down.

● (2130)

[English]

**Senator Connolly:** I wonder if I could ask the sponsor of the bill, Senator Flynn—perhaps Senator Roblin would take this under advisement—whether or not the bill will be going to a committee. I assume that it will be. If it does, could a special effort be made to have the shippers represented at the committee hearing? I notice that the new tariffs proposed under the bill would have to be approved by the Governor in Council, but the shipping people who, I suppose, must bear the cost of these additions should not feel that the new rates are going to be exorbitant. Will there be some opportunity for input from the shipping community with regard to the proposals in the bill?

**Senator Charbonneau:** Honourable senator, to give you an indication of what we are talking about, on the basis of the latest figures we have for 1977, the income of the Montreal office was \$103,000 net, and of Quebec \$34,000. So we are not talking about very big figures. If you spread it all out among vessels that come into both ports, I would not think that the foreign owners would mind very much.

**Senator Connolly:** Well, I suppose that the domestic shippers, the people in the inland shopping business, are also subject to these rates, and I just wondered whether the lake shippers, operating in the inland waters, would have an opportunity to discuss the proposals in committee.

**Senator Roblin:** If I might attempt to reply to the question raised by the Honourable Senator Connolly, it is the intention

that the bill should go to the Standing Senate Committee on Transport and Communications. The chairman is in the house and has heard your observations. I know it is his policy to hear anybody who wishes to make an appearance before him, so if you know of anyone who might like to appear, it would be quite open to you to advise them that we would be pleased to make the facilities of the committee available.

Motion agreed to and bill read second time.

#### REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read a third time?

**Senator Roblin** moved that the bill be referred to the Standing Senate Committee on Transport and Communications.

Motion agreed to.

#### POSTAL RATES BILL

##### SECOND READING

The Senate resumed from Wednesday, October 31, the debate on the motion of Senator Bélisle for the second reading of Bill C-11, respecting certain postal rates.

[Translation]

**Senator Deschatelets:** Honourable senators, I want first of all to congratulate, on your and my behalf, Senator Bélisle on the excellent presentation of this legislation he made last Wednesday. His presentation was precise and generally non-partisan, and it is my intention to do the same.

However, after having considered all the facts and the related documents, my remarks will be made in quite a different context from the one in which Senator Bélisle spoke, and I want most of all to stress the legal aspect of what happened.

What are the facts which gave rise to this Bill C-11? Here are the facts: on three occasions, i.e. on August 19, 1976, March 23, 1978, and January 18, 1979, the former Liberal government decided to increase the postal rates for letters and second class mail under the authority given to the Governor in Council under section 13(b) of the Financial Administration Act. When the former government decided to increase rates, they could do so in two ways.

First, by way of an order in council, as I just mentioned, or second, by introducing ordinary legislation in Parliament to amend sections 10 and 11 of the Post Office Act.

Honourable senators, when one proceeds by order in council, obviously there is no need for legislation, but a statement by the Postmaster General informing Parliament that from a certain date, and normally for a period of several months, new rates will take effect. There are two questions to be considered at this point. The first—and in my opinion the most important—was the former Liberal government entitled to do so? Could they legally, under the statutes, proceed with the rate increase by order in council? I want first of all to answer that

question. Then there is the second question about the use of an order in council which has been criticized by several parliamentarians and also by the committee dealing with those questions, the Joint Committee on Regulations and other Statutory Instruments. Is the use of an order in council an extraordinary procedure which should be followed only in particular circumstances when there is no other practical procedure? I will address this question briefly at the end of my remarks.

Let us try to answer the first question. It is the legal aspect of the matter. Before the former government decided to proceed by order in council, it had obtained from the Department of Justice officials legal advice to the effect that the government had the authority to order such a rate increase by order in council. As I already mentioned, the then Postmaster General gave notice of it to the house and I have before me a transcript of a long statement he made then and in which he gave the reasons why the government had decided to proceed by order in council.

It is obvious that at the time, members of the house, particularly opposition members but also members sitting on the right of the Chair, objected to such a rate increase by order in council, suggesting that such a practice prevented them not only from discussing those rate increases on second and third reading, but also from questioning the minister on the necessity of those rate increases and on all other aspects of the Post Office.

● (2140)

Subsequently, the Standing Joint Committee on Regulations and other Statutory Instruments, which was presided, if my memory serves me well, by Senator Forsey, after having discussed that order in council, not only protested against that procedure but also questioned its validity and legality.

I must say, honourable senators, and this is very important, that this whole matter of rate increases by order in council was referred to the courts. The case was heard and the first ruling of the Federal Court, dated August 2, 1978, was favourable to the former government and declared legal those rate increases by order in council.

If honourable senators are interested, they just have to refer to the case of the Canadian Periodical Publishers Association and the Survival Foundation vs the Solicitor General of Canada, 1978, Federal Court 391.

I now want to dwell for a moment on this legal aspect to impress upon you the fact—I think that all senators with a legal background will agree with me—that when a judgment of a lower court rules as legal a given interpretation of the law, this judgement is a law in itself. This judgement then becomes jurisprudence so long as it has not been overruled by a superior court. That is so true that if I go through Bill C-11 which is intended to clarify a situation already ruled as legal by the court, and if we pass this bill—I will recommend that it be passed without difficulty—well, tomorrow morning if it so desires the present government could increase the rates by resorting again to section 13(b) of the Financial Administration Act.

[Senator Deschatelets.]

However I must say in all fairness that in his speech Senator Bélisle and the present Postmaster General did say very clearly that the new government does not intend in any way to use the provisions of the Financial Administration Act to implement postal rates increases.

Consequently, honourable senators, I must say that from a legal point of view Bill C-11 has little impact, strictly speaking, since we are just asked to sanction it “for greater certainty”. These are the very words used in clause 1 of this bill, a situation which the courts have already recognized as legal.

I must also say—and the present Postmaster General so stated when presenting this bill to the other place—that it was the minister himself who requested, when the Federal Court ruled in favour of the former government, it was the Postmaster General himself, as I said, who requested the parties involved to suspend their procedures for the reason that an appeal to the Supreme Court would take too much time. The minister thought that because of that long delay it would be better for him to proceed with Bill C-11 that we now have before us.

Speaking about Bill C-11, I made an interesting finding. On December 11, 1978, the then Liberal government introduced in the Commons, for first reading, Bill C-27 which could be—I think it was in December 1978—which might be the most important bill, the most substantial bill to be introduced by the Postmaster General in Parliament. It was one of those bills of the omnibus kind which dealt with just about every aspect and every problem of the Post Office Department. Of course the main object of Bill C-27 was to provide for the conversion of the Post Office Department into a Canadian postal service corporation, a crown corporation.

Furthermore, in clauses 52 and 53, page 23 of Bill C-27, I just happen to read two clauses entitled “authority to prescribe fees order” and the first words are “for greater certainty”. You will find there, word for word, the terms of Bill C-11. In other words, the point I want to make to honourable senators is that Bill C-11 which we are asked to adopt is word for word, and can be found “in-extenso”, in the bill introduced in the House of Commons in December 1978 by the preceding Liberal government.

So this means that we are asked to adopt Bill C-11 which is a Liberal bill. I have no objection to that. That is one of the reasons why I will ask you in a moment to adopt it. Besides, I will add that I am not only in favour of this bill, but that this Bill C-11 has in my opinion no legal scope. Therefore it will not be necessary to refer it to a permanent committee of the house.

Now, honourable senators, I told you I would say only a few words about the second part.

What are the effects and the impacts of using an order to increase the postal rates on the parliamentary practices. I think that might interest honourable senators and also the members of the other place. I completely agree theoretically, it goes without saying, with all parliamentarians urging that all



government legislation must in general be debated in both houses. I believe that on this point we all agree in principle.

However, I want to emphasize here the fantastic work done by the Joint Committee on Regulations and other Statutory Instruments. That committee I think is the real vigilant guardian of the rules and privileges of Parliament. I believe the committee was perfectly right in questioning in two of its reports the use of orders in council. I think that in one of the reports I read in that respect, Senator Forsey who represented the Senate on that joint committee questioned the validity or legality of the use of orders in council. Well, we now have the answer to that question.

● (2150)

I think I will have done what I had to do tonight in saying that it is perfectly valid and legal for a government to proceed by order in council. But the joint committee went a little further and asked that governments stop proceeding in this way. I want to say something here. The use of orders in council is perfectly legal and was recognized as such in court, but it may be raising apprehensions among parliamentarians. Parliamentarians can rightly say: if you proceed by order in council, you are preventing us from proceeding with second and third readings. You are preventing us from questioning ministers. In that respect, they are generally right. So I say it is an exceptional measure. But there are other exceptional measures in the traditions and rules of Parliament. Let me give you an example: the use of closure to put an end to a debate is the most unpopular measure that I know of and it is perfectly legal. And so is the use of orders in council which is a special and extraordinary measure by our standard rules. In my view, when a government uses orders in council or closure, which is perfectly legal, it then has the responsibility to establish that it is using extraordinary measures because of circumstances where the public interest demands that it proceed that way. But then I say that the government has the burden of the proof and has to establish when using orders in council or closure, that there are reasons to justify its doing so.

You might ask whether the former government had particular reasons to proceed by order in council. Did the business of the Commons at that time not allow to have those tariff increases passed by Parliament within a reasonable time? I do not believe I have to answer that question. I believe the facts are there. The statements are there. It is up to you to judge them.

Honourable senators, to put everyone at ease, and so as to be very clear, I conclude by saying that, personally, as a parliamentarian who has acquired over the years a quarter of a century of experience, I think that in general a government should proceed the usual way by introducing a bill unless there are very exceptional circumstances. It is then up to the government to prove it. The burden of the proof rests with it.

So, for all those reasons, honourable senators, I conclude that Bill C-11 is a legislation of Liberal inspiration as it was copied word for word from Bill C-27 which was introduced by the former government in December 1978. You can compare it to what appears at clause 52 of Bill C-27. It is the same thing,

word for word. This government chose to proceed that way to clear any uncertainty. I have no objection to that. But I am personally convinced it is more or less important from a legal point of view. It is not essential. We could not pass it and the situation would be the same because there is a judgment in the Federal Court which is a precedent and recognizes that the increase by order in council is legal.

For all these reasons, I think we should accept this bill without any trouble. In addition, as a consequence of what I said, I do not really deem it advisable to have this bill referred to a standing committee of the house, but I leave the decision up to Senator Bélisle and to the Leader of the Opposition.

● (2200)

[English]

**Senator Olson:** Honourable senators, I do not want to intervene in the substance of the debate on Bill C-11. However, I was impressed with the learned study of the matter made by Senator Deschatelets, and I would hope we could suggest to the mover, Senator Bélisle, or indeed the government house leader, to take Senator Deschatelets' advice and ask that the bill be given second reading, and then ask leave for third reading to be given at the next sitting of the Senate, rather than send the bill to committee. I say that for all the reasons that have already been stated.

**Senator Bélisle:** Honourable senators—

**The Hon. the Speaker:** I have to inform honourable senators that if Senator Bélisle speaks now, other than to answer a question, his speech will have the effect of closing the debate.

**Senator Bélisle:** Honourable senators, I listened with great interest to the comments made by Senator Deschatelets on Bill C-11, and I thank him for his kind contribution. He had such an excellent career in the other place and in this house as Speaker that I must tell him I am always enriched and enlightened by his remarks.

It is my intention to bring to the attention of the Postmaster General, the Honourable John Fraser, the contribution that Senator Deschatelets has made tonight. I am sure that due consideration will be given to the content of his remarks. As the Deputy Leader of the Government has already said—

**Senator Olson:** Of the opposition.

**Senator Bélisle:** The Deputy Leader of the Opposition.

**Senator Perrault:** It will not be long.

**Senator Olson:** It is clairvoyance.

**Senator Bélisle:** If honourable senators agreed, this bill could be read a second time tonight and probably a third time tomorrow.

[Translation]

**Senator Lamontagne:** May I ask a question of Senator Bélisle? Am I to understand that we are going to pass on second reading a piece of legislation that is completely useless?

**Senator Bélisle:** Honourable senators, if you had listened to the speech I made the other day and to the one our distin-

guished colleague made tonight, you would know that this legislation is certainly not useless. A bill serves a purpose. It is passed to enact what has been done by order in council, has been done, as Senator Deschatelets said, pursuant to Section 13(b) but should not have been done, while being legal. We must also consider that the Court of Appeal has upheld what had been done by the previous government, but the matter is now before the courts. This bill may therefore indirectly do away with the reason for the legislation now before the court. Is that clear?

**Senator Lamontagne:** Very clear.

**Senator Bélisle:** So, if Parliament passes this legislation, it will from now on be legal to increase first and second-class rates by order in council.

[English]

**The Hon. the Speaker:** Honourable senators, I do not want to be overly emphatic about the keeping of our rules, but I think there are times that the rules require the Chair to intervene. One such occasion is when an honourable senator rises who has sponsored a bill, and I am then required to inform senators that his speech will close the debate.

In this particular case, what appeared to be a question was actually carrying on the debate. The honourable senator who carried on the debate in that fashion was not rising in his place to do so.

This is just a minor caution in that I think we can go too far in paying no attention whatsoever to our rules.

Motion agreed to and bill read second time.

### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read a third time?

**Senator Bélisle** moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

• (2210)

## CANADA NON-PROFIT CORPORATIONS BILL

### SECOND READING

The Senate resumed from Tuesday, October 30, the debate on the motion of Senator Walker for the second reading of Bill S-7, respecting Canadian non-profit corporations.

**Senator Hayden:** Honourable senators, my first words must be words of appreciation for Senator Walker's fair and concise explanation of the scope and purposes of this bill. Of course, that was to be expected of him, his being a member of the Standing Senate Committee on Banking, Trade and Commerce which had this bill before it on two occasions, hearing witnesses and making reports which the Senate concurred in.

There was a vast amount of material which I knew he could quite easily absorb, since he had already done that part of the job. So when I read his speech I asked myself, "What further

[Senator Bélisle.]

is there to say?" It occurred to me at first, "Well, nothing, really." But then, in reference to the fact that certain amendments had been incorporated in the bill for the first time which were not in the bill on any previous occasion on which it was dealt with in this house or in the committee, I thought I might take the occasion to make some remarks.

First, I would indicate that the amendments are not really important at all. I suppose I might use the colloquial expression and say they are cosmetic in nature.

To illustrate just one of them, in order to change the practice of making use of decimals in labelling or enumerating particular subsections, the amendment eliminates that and gives another and more positive number in place of the decimal number.

Surely that is not important, but perhaps if you are in a sense literary or appreciate good prose you will say, "Yes; don't promote something you don't believe in, even though changing it at this time only contributes to delay in passing the bill." But then I thought, "If I say that, then it may be said that this bill cannot be very important."

While these amendments sort of wind down to the bottom of the barrel, I think I should indicate to you that there are important and substantial features to this bill. May I just take a moment of your time to do that?

For instance, there is a provision in relation to dissent. Bear in mind that this bill has to do with a non-profit corporation which includes a variety of organizations such as the Red Cross Society, the Metropolitan Board of Trade of Toronto, as well as other boards of trade, and the Canadian Chamber of Commerce and others. In connection with the Metropolitan Board of Trade of Toronto, there were submissions with respect to the benefits or rights which the bill gives—or did give before we changed it—to a member of a membership corporation when he dissents. In dissenting he enjoys a right under the articles of association to share in any distribution of assets at the time of liquidation or winding up. Then, if he dissents on certain limited and specified subjects, if he does not succeed in his dissent, he has a right to have his share interest or his membership interest evaluated and to be paid out the amount of that share.

The boards of trade, particularly some of the boards of trade that have acquired substantial assets, were concerned about what actions might be taken from time to time by members. When they appeared before the committee, the limitation that was provided—and I think that is important—was that with respect to boards of trade and the Canadian Chamber of Commerce, the right to dissent did not carry with it, if the dissent was not acknowledged, the right to have the holding evaluated and paid out.

That is an important provision. The bill, as it came to us in the first place, contained that provision.

When the Red Cross Society appeared before us there was another provision on the question of voting that was of concern. There is a general provision in the bill under which a



member of a membership corporation, if he is of a class of members that is entitled to a vote, may vote.

The difficulty with the Red Cross Society is that they have only one corporation, namely, the Red Cross Society, but the makeup of their association is not that simple. They have what are called local branches. The local branches are really the workers who do all the spade work in the various branches of the organization, and when health demands and care demands, et cetera, have to be attended to by the Red Cross Society, which in essence is a charitable organization, they are the ones who go into the forefront. But the next group is what is called the divisions, and the divisions have a provincial character. Local branches make appointments to the divisions, and the divisions make appointments to the Central Council, and all these organizations are unincorporated. The Central Council is the body that, when it meets, really constitutes the meeting of the Society.

● (2220)

The way in which they handle this as they move along the line of branches, divisions and Central Council, is that the representatives are selected by these different groups, and they finally end up at the top of the Central Council. The Central Council is the group recognized as constituting the membership of the Red Cross Society operated for a substantial number of years. They were concerned about this because the cost of meeting the requirement of giving notice to every member would have amounted to, in their estimate, approximately \$300,000. They said that they could use that money better in dealing with causes and emergencies than in spending it to send out notices to all these different groupings, if we are going to classify them or attempt to classify them as members.

A provision has been put in the bill which satisfies the society under which there is indirect voting, but either the articles of the Red Cross or the bylaws will have to provide for the indirect voting. The indirect voting, then, would be by the representatives who have the right under the bylaws to vote at the annual meeting. To the committee this was a very important issue.

There were several other issues that are important to charitable organizations that I would say are substantially controlled through income tax provisions. There is no provision in those cases under which a member of a charitable organization could qualify and exercise a dissent because a dissent, and what follows from a dissent under the bill, does not extend to include a charitable organization because there is no provision under which a charitable organization can distribute its assets, or any part of them, to its members. They collect money from the public, and they distribute money and spend money on charitable causes. They have to account in a very substantial way for how they deal with that money. Under the Income Tax Act, of course, they must give a strict accounting. Each year they must distribute up to 90 per cent of their income in order to maintain their status as charitable organizations.

The problem of dissent is not a large problem but it can be a serious problem in certain areas. For instance, in the matter of a golf club it could be a serious problem. If a member of a golf

club who had substantial property thought the course was not doing him justice in that he was not able to reduce his handicap, he could dissent. If his dissent was not honoured, then he could say, as I expressed it, that he wanted his marbles and would go home. That is an English expression. It means, in other words, that he wants his money.

These are important features in the bill and yet they were not in the bill in that form when it came before us. There are many other amendments which relate the Non-Profit Corporations Act to the Canada Business Corporations Act. They have to be fitted in because one is not just an impression of the other. I only mentioned these—and there are others—simply to highlight that the bill is an important bill.

The remaining item I wish to discuss is the fact that five years after this bill becomes law, any membership corporation that has not sought to continue its operation under this new bill is dissolved. There are many such organizations that were incorporated under the Companies Act of years ago, or were incorporated under the Business Corporations Act, or were incorporated under the Boards of Trade Act or other special federal statutes. What the bill is attempting to do is to get them all into one pot so that there will be one record of the operations of non-profit organizations.

I was asked a question when I dealt with this before as to what happens if an organization does not meet the five-year limitation. Under the bill, the corporation is dissolved, but there are two outs to that, one being that an organization can apply to continue under this bill when it becomes an act, or it can go to the Governor in Council and ask for an order to permit the organization to remain under the law under which it was originally incorporated. In those circumstances, of course, there is no dissolution and no distribution of assets.

This is very important, and the catch is, of course, as the departmental officers told us, that if the Governor in Council makes an order permitting any of these corporations not to continue under this bill when it becomes law, then they can continue in the form, the exact form, in which they were incorporated. If they want to make any changes thereafter, they have to go through the procedure of incorporating all over again if the five-year period has run out, because the department will use this as a pressure on these corporations to get them to conform to the plan of this bill. That plan is to focus all the activities of non-profit corporations in the department that deals with that subject matter, and in one file, instead of having some under the various Boards of Trade Acts over the years, the Companies Act, the Business Corporations Act, and so on.

● (2230)

It is a sensible and intelligent move, and where companies or corporations were incorporated under the Business Corporations Act, or even the Canada Business Corporations Act, it is confusing, to say the least, to try to understand what is supposed to deal with non-profit corporations and what is the general corporate law in relation to corporations, even those other than non-profit.

That is as far as I should go, except to emphasize that this is an important bill.

There are six amendments that have actually been incorporated in the bill, which were not there at an earlier time. The proper way to deal with it, in order to avoid any criticism in the future, would be to send the bill to committee. It is not that the chairman of the committee is looking for work, because the committee's platter is pretty full.

If anyone does any research into the bill, as it becomes law with these amendments incorporated, and then goes back to the bill immediately before that, and to the bill immediately before that one, he will not find these changes, and he may ask why. At least in committee we will be able to clarify the situation. It should not take long, and I think it is both a regular and sensible course. Legally too it is a sensible course of action.

Needless to say, I am in favour of the bill, and I thank Senator Walker for illustrating, by his clear and concise explanation, how the committee, of which he is a member, works and does its homework.

Motion agreed to and bill read second time.

#### REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Walker** moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

#### NORTHERN PIPELINE

##### SECOND REPORT OF COMMITTEE OF SELECTION ADOPTED

The Senate proceeded to consideration of the Second Report of the Committee of Selection, which was presented Thursday, November 1, 1979.

**Senator Macdonald:** Honourable senators, I move, seconded by the Honourable Senator Roblin, that the report be adopted.

Motion agreed to and report adopted.

#### AGRICULTURE

##### COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator Argue,** pursuant to notice of Thursday, November 1, 1979, moved:

That the Standing Senate Committee on Agriculture be empowered, without special reference by the Senate, to hear submissions from representatives of agricultural and related industries;

That the committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purposes of its examination and con-

sideration of such legislation and other matters as may be referred to it; and

That the committee have power to sit during adjournments of the Senate.

Motion agreed to.

##### COMMITTEE AUTHORIZED TO STUDY CANADIAN BEEF INDUSTRY

**Senator Argue,** pursuant to notice of Thursday, November 1, 1979, moved:

That the Standing Senate Committee on Agriculture be authorized to examine and report upon any aspect of the Canadian beef industry;

That the papers and evidence received and taken on the subject in the Second, Third and Fourth Sessions of the Thirtieth Parliament be referred to the committee; and

That the committee, or any subcommittee so authorized by the committee, may adjourn from place to place in Canada for the purposes of such examination.

Motion agreed to.

##### COMMITTEE AUTHORIZED TO INQUIRE INTO THE IMPLEMENTATION OF RECOMMENDATIONS CONTAINED IN ITS REPORT "KENT COUNTY CAN BE SAVED"

**Senator Argue,** pursuant to notice of Thursday, November 1, 1979, moved:

That the Standing Senate Committee on Agriculture be authorized to inquire into the implementation of the recommendations contained in the Report entitled: "Kent County Can be Saved", a study into the agricultural potential of Eastern New Brunswick, of the Standing Senate Committee on Agriculture, appointed in the First Session of the Thirtieth Parliament, tabled in the Senate on 16th November, 1976; and

That the committee, or any subcommittee so authorized by the committee, be authorized to travel to the Maritimes for the purposes of such inquiry.

Motion agreed to.

##### COMMITTEE AUTHORIZED TO STUDY PROBLEMS OF INTERNATIONAL CO-OPERATION IN THE MARKETING OF GRAINS

**Senator Argue,** pursuant to notice of Thursday, November 1, 1979, moved:

That the Standing Senate Committee on Agriculture be authorized to examine and report upon Canada's long-term prospects for the production and exportation of wheat and other grains, including the international co-operative mechanisms required to assure adequacy of supply and reasonable returns to producers; and

That the Committee, or any subcommittee so authorized by the Committee, may adjourn from place to place in Canada and the United States for the purposes of such examination.



**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Senator Roblin:** Honourable senators, I regret having to interrupt the unanimity of feeling in connection with the motions moved by Senator Argue. However, I rise to ask whether I am correct in thinking that until this moment we have been dealing with matters that have been before the committee on a previous occasion. The motions have sought the authority of the Senate for the committee to examine subjects that came before the committee on a previous occasion.

I am under the impression that motion number five on the order paper, standing in the name of Senator Argue, respecting long-term prospects of the Canadian wheat industry, concerns a new topic. If I am wrong perhaps the honourable senator will correct me. However, if I am correct, I would appreciate the honourable senator's giving us an explanation of what he has in mind.

**Senator Argue:** Honourable senators, basically it is a similar motion to that which was adopted last year. Senator Roblin is certainly correct. There is a change in the wording. In the last Parliament, the motion read:

● (2240)

That the Standing Senate Committee on Agriculture be authorized to examine and report upon the problems of international co-operation in the marketing of grains and other agricultural products—

Senator Roblin was a distinguished member of the committee when we had discussions on this subject.

There has been some change in the wording of this resolution over the previous one. As it now stands, it reads:

That the Standing Senate Committee on Agriculture be authorized to examine and report upon Canada's long-term prospects for the production and exportation of wheat and other grains, including the international co-operative mechanisms required to assure adequacy of supply and reasonable returns to producers—

In our discussions in the last Parliament we heard from the Canadian Wheat Board and others that the prospects for the marketing of Canadian grains were exceedingly optimistic, that we would have an opportunity, perhaps, to market an additional 50 per cent in world markets. The idea here was that in addition to looking at international co-operation, we should look at the prospects of the markets being sustained and the production coming forth of the variety of grains that might be in demand.

I might add that the wording of this motion was approved by the committee. Senator Yuzyk, the Deputy Chairman of the Committee, was present and agreed to it. He is now at the United Nations.

That is the explanation. In light of the evidence we had, we felt that in addition to looking at international co-operation, we should see whether or not Canada's production and export mechanisms are capable of meeting what has been suggested will be the demand opportunities.

**Senator Roblin:** I thank my honourable friend for that explanation.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

## THE SENATE

Wednesday, November 7, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### PRESIDENT OF THE UNITED STATES

#### VISIT TO CANADA—ARRANGEMENTS

**The Hon. the Speaker:** Honourable senators, yesterday I informed the chamber that I would be in a position today to give the Senate some general information about the arrangements for the visit of President Carter and his family and members of his cabinet to the Parliament of Canada next Friday and Saturday.

The arrangements have just been completed, and, with your permission, honourable senators, I will give you a very brief outline, as the arrangements for the visit concern and involve the senators and the Senate.

President Carter and his family will arrive in Ottawa at 9 o'clock on Friday morning. They will proceed, after the usual ceremonial greetings, to the Centre Block, where the President and his party will arrive at the main door of the Centre Block at 10.50, to be greeted by a parliamentary greeting party.

There will be a luncheon, a working luncheon as it is described, with the Prime Minister and members of the cabinet and others. Then the Presidential party will leave the Parliament Buildings for Government House, returning in the afternoon when the official ceremonies in connection with the joint session of the two houses will commence.

The President and his party are expected to arrive at the main door at 1520 hours, that is 3.20 in the afternoon. They will proceed then to the House of Commons chamber where a joint session of the Senate and the House of Commons will take place.

The seating arrangements are as usual based on a scarcity of accommodation. Honourable senators will be seated in seats in the aisle of the Commons. Seats are being placed there and I am asked to urge honourable senators who intend to be in the House of Commons for that ceremony to let their wishes be known as soon as possible, as accommodation is somewhat limited. However, it is expected that all senators who wish to be in the House of Commons on that occasion will be accommodated.

With respect to the seating for guests, the suggestion is that there be a limitation of one guest per senator. The seating for guests will be at large in the galleries of the House of Commons. There will be no reserved accommodation for anybody other than distinguished visitors from abroad. Honourable senators are therefore urged to make their representations for tickets through Black Rod as soon as possible. I emphasize

that, from the information I have, all accommodation in the galleries of the Commons is to be on a first come first served basis.

If there are any questions in respect of this matter, they will be answered, I think, in a memorandum which is to go forward to all honourable senators this afternoon.

I might say, the President will be accompanied by Mrs. Lillian Carter and Miss Amy Carter, as well as distinguished members of the cabinet, including Mr. Cyrus Vance, Mr. Charles Duncan Jr., Mr. Zbigniew Brzezinski, and Mr. Cecil Andrus.

### PROPERTY QUALIFICATION OF SENATORS

#### RETURN TABLED

**The Hon. the Speaker** tabled a return, submitted by the Clerk of the Senate in accordance with rule 114, listing the names of members of the Senate who have renewed their declaration of property qualification.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Report of operations under Part II of the *Export Credits Insurance Act* for the fiscal year ended March 31, 1979, pursuant to section 27 of the said Act, Chapter 105, R.S.C., 1952.

### CONSTITUTION OF CANADA

#### REPORT OF COMMITTEE EXPENSES TABLED

**Senator Lafond**, for Senator Stanbury, Chairman of the Special Committee of the Senate on the Constitution, tabled, pursuant to rule 84, a report of expenses incurred by the committee in the Fourth Session of the Thirtieth Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate*.]

### REGULATIONS AND OTHER STATUTORY INSTRUMENTS

#### REPORT OF COMMITTEE EXPENSES TABLED

**Senator Godfrey**, Joint Chairman of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, tabled, pursuant to rule 84, a report of expenses incurred by the committee in the Fourth Session of the Thirtieth Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate*.]



## FOREIGN AFFAIRS

## REPORT OF COMMITTEE EXPENSES TABLED

**Senator van Roggen**, Chairman of the Standing Senate Committee on Foreign Affairs, tabled, pursuant to rule 84, a report of expenses incurred by the committee in the Fourth Session of the Thirtieth Parliament.

[For text of report, see today's *Minutes of the Proceedings of the Senate*.]

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

## FIRST REPORT OF JOINT COMMITTEE PRESENTED

**Senator Godfrey**, Joint Chairman of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, presented the following report:

The Standing Joint Committee of the Senate and the House of Commons on Regulations and other Statutory Instruments presents its report, as follows:

Your committee recommends that its quorum be fixed at seven (7) members, provided that both Houses are represented, whenever a vote, resolution or other decision is taken, and that the Joint Chairmen be authorized to hold meetings and receive evidence so long as four (4) members are present, provided that both Houses are represented;

That the committee have power to engage the services of such expert staff and such stenographic and clerical staff as may be required; and

Your committee further recommends that it be empowered to sit during sittings and adjournments of the Senate.

Respectfully submitted,

John M. Godfrey,  
*Joint Chairman*

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

**Senator Godfrey** moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

## QUESTION PERIOD

[English]

## PRESIDENT OF THE UNITED STATES

## ITEMS FOR DISCUSSION DURING VISIT TO CANADA—GAS AND OIL PIPELINES

**Senator Olson:** Honourable senators, I should like to ask the government house leader in the Senate—

**Senator Flynn:** House leader!

**Senator Olson:** Pardon me, the government leader. I should like to ask the government leader whether the Prime Minister intends to raise with the President of the United States, when he is here later this week, the matter of delays in the construction of the Alaska Highway Pipeline as they relate to U.S. regulatory approval, and whether he will be raising the matter of the Foothills oil pipeline so that the Canadian government's position, with its stated preference for the Foothills project, will be made known to the President?

● (1410)

**Senator Flynn:** Since this matter has fallen upon my colleague, Senator de Cotret, he will provide the answer.

**Senator de Cotret:** I am the minister responsible for the Northern Pipeline Agency. I can assure the honourable senator that the matter of the gas pipeline definitely will be discussed in terms of the regulatory and other matters that have held up the beginning of construction.

In terms of the potential for the pre-built part of the pipeline, given that adequate assurances are provided on the overall finances for the line, and our general intentions, without prejudging the decision of the NEB in terms of gas exports from Alberta before the completion of the line in total, that is definitely going to be raised.

In terms of the oil pipeline, which does not fall under the responsibility of the Northern Pipeline Agency, I can also assure the honourable senator that it is a subject that is on the agenda. I can also assure the honourable senator that we shall reiterate the position of the Government of Canada in this matter.

**Senator Perrault:** I have a question for the Leader of the Government. All Canadians welcome the visit to Canada by the distinguished President of the United States, and it is heartening to note that there is going to be a good working luncheon during the course of that visit. It is certain that there will be important discussions of a number of subjects.

Has an agenda been prepared which can be made available for consideration by those who serve in Parliament? I am not asking the minister for confidential details, but rather a list of the general topics to be discussed during the course of that meeting?

**Senator Flynn:** There is certainly an agenda, but I do not think I can make it public at this time.

## INTEREST RATES

**Senator Perrault:** In view of the policy of this government to have Canadian interest rates generally follow the interest rates

established by the Federal Reserve Bank in the United States, with the result that a great deal of damage is being done to the Canadian economy, is there a possibility that the Prime Minister will discuss with President Carter the actions of the Federal Reserve Bank in the United States? Will discussions be held to persuade American authorities to modify the recent policy of escalating interest rates, in the hope that there will be consequent benefits for Canada?

**Senator de Cotret:** During the course of the several business meetings that will be held between the President of the United States and the Prime Minister of Canada, and associates on both sides, there definitely will be a discussion of current economic conditions in both countries and current economic policy settings both in terms of monetary and fiscal policy in both countries, particularly as they may affect the other country.

#### UNITED STATES NATIONAL OIL ENTITY

**Senator Perrault:** I have another supplementary, this time directed either to the Leader of the Government or to the Minister of Industry, Trade and Commerce. In view of the fact that it is the professed intention of the President of the United States to bring into being a national oil entity in the United States somewhat similar to Petro-Canada, will the Prime Minister and ministers take the opportunity to discuss this important question with the President and his officials in the hope that he will derive from President Carter and some of his cabinet members some of their insights into this subject, insights which up to the present time seem to have escaped the Canadian government?

**Senator de Cotret:** Perhaps the President would be happy if we provided him with insights about our experience in this country in terms of the decisions he has to take.

**Senator Flynn:** We will let you know what his opinion is.

#### ENERGY

##### PRICE OF DOMESTIC OIL—POSSIBLE FEDERAL-PROVINCIAL AGREEMENT

**Senator Olson:** Honourable senators, I direct a question to the government leader and to the Minister of Industry, Trade and Commerce. In the past few days they have seemed to be getting on the borderline of misleading this house.

**Hon. Senators:** Oh, oh.

**Senator Olson:** They have both assured us in the past few days that they are very close to an agreement with Alberta on oil prices, but last night the Premier of Alberta said that they are not close to an agreement. It seems to me that he went a little bit further and said that he does not intend to negotiate the price of Alberta's resources with any other province, that he would negotiate it with the federal government. That is where the deal is.

● (1420)

I wonder if the Leader of the Government would tell us what basis he has for giving these assurances, when hours after

[Senator Perrault.]

he has said it and the Minister of Industry, Trade and Commerce has said it, the other party to this hoped for agreement says that they are not even close.

**Senator Flynn:** It is very simple in fact. The problem of establishing a price is an issue of concern to the producing provinces and the federal government, while the entire energy package is something that is of interest to all the provinces. As the honourable senator knows, there is to be a meeting of first ministers on Monday to discuss that energy package.

**Senator Olson:** Then it is acknowledged that it will be the other parts of the package and not the price of Alberta and Saskatchewan oil that will be discussed with all the other provinces.

**Senator Flynn:** It may be discussed, but I cannot say that it will be determined.

#### PRESIDENT OF THE UNITED STATES

##### ITEMS FOR DISCUSSION DURING VISIT TO CANADA—CHICKEN IMPORT QUOTAS

**Senator Argue:** I should like to direct a question to the Minister of Industry, Trade and Commerce, which is supplementary to one raised some time ago. Can the minister assure the Senate that when President Carter is here the question of the unsatisfactory arrangements respecting chicken import quotas—senators can laugh, but this is an urgent and important matter to chicken producers in Canada, especially in eastern Canada. I ask if that matter is going to be raised. It is an important question, and the producers would like it raised.

**Senator de Cotret:** I cannot give you that assurance, honourable senator.

**Senator Perrault:** Chickening out.

**Senator de Cotret:** There are a number of issues of bilateral importance in industry and trade that will be raised, and this is one that might be raised. However, I cannot give the honourable senator the formal assurance that it will be. If I may add in respect of this matter, because the honourable senator has raised a number of—

**Senator Smith (Colchester):** Chickens.

**Senator de Cotret:** The honourable senator has raised a number of questions with respect to chickens, and I should like to tell him that I was wrong in the dates I gave him on October 25. The substance of my answer was quite correct. I had discussed the problem that the honourable senator had raised; I had discussed it at breakfast that morning; I had discussed it with cabinet colleagues while this decision was under way; I had discussed it before the negotiations began with the United States last summer when we gave an *ad referendum* reference to the negotiating team. It was certainly a problem that we were aware of, and I had discussed it that very morning, without knowing that the day after the cabinet decision a specific direction on the allocation of quotas had been issued, indicating how the individual quotas would be handled.



However, I should like to emphasize that when I answered the question I could honestly say that the decision announced in that memo that had gone out the week before, without my express knowledge, did in fact reflect the concerns I had expressed that morning—indeed, that I had expressed over the several months during which this issue was before cabinet and before my colleagues. I feel that the result, while a difficult one, and perhaps not one that could be seen as satisfactory to all, was the best that could be achieved under the circumstances.

**Senator Argue:** I certainly would not infer that the minister misled the chamber in any way. My question is: Will the minister produce for honourable senators a list of the companies, with their entitlements for the importation of chicken into Canada, so that we can see how in fact those quotas are being allocated?

**Senator de Cotret:** Yes, I shall be very happy to provide that list. I could provide some preliminary information on that, because I was aware that there may have been some misconception about two particular firms in the industry accounting for 75 per cent of the total imports. In fact, the two firms that were mentioned at that point, Loblaw's and Maple Lodge, did not account for 75 per cent. In fact, in 1978 they accounted for 29 per cent. Eleven importers—I shall be happy to provide the details—account for 75 per cent of the total. The new allocation, which was done on an historical basis, was on the basis of the years 1976, 1977 and 1978, to eliminate the aberration of the earlier part of this year in terms of the imports of chicken, and respects the terms of the agreement that had been negotiated, which spelled out clearly that they had to be allocated on an historical basis. However, we did not want to have in that historical base a period in which there was a clear aberration.

In terms of the overall quota, we also reserved 7 per cent for new importers should the applications be forthcoming. We are allocating 93 per cent of the negotiated quota of 45 million pounds, which is a reduction from the 65 million pounds, and keeping aside the 7 per cent. I should be happy to give the honourable senator a detailed list of the companies.

**Senator Argue:** I think the whole three-year period is an aberration. It should have gone back for a longer historical period, in all fairness.

As a further supplementary question, I should like to ask the minister if he can say whether or not breaded cut chicken, the type that comes in for Kentucky Fried Chicken, is in the quota or outside it. That is an important question that has been raised, and I do not know the answer.

**Senator de Cotret:** I have to admit, honourable senator, that I do not know the answer either. I shall have to check that.

**Senator Argue:** I should like to ask a further question about President Carter's visit. I am very disappointed that this question will not be raised. There may be snickers around the Senate, but that doesn't bother me, because I think this is an important question and it could be raised at least briefly. My question is this: Will the Minister of Agriculture be given or

have an opportunity to raise this question with President Carter? I see that at the state dinner the Minister of Agriculture is among those who have been excluded, and I am wondering if the Minister of Agriculture is excluded from the other meetings with President Carter. The Minister of Industry, Trade and Commerce will be there, and I am pleased about that, but the Minister of Agriculture conducted the negotiations, and I should like to see him at some of these important meetings.

**Senator de Cotret:** I can assure the honourable senator that I am going to the dinner. I should also like to underline that I have not said the matter would not be raised. I have only indicated that I cannot give my assurance that it will be. I am trying to be very above-board here. With reference to the presence of the Minister of Agriculture, I do not think there is any slight intended on the part of the government. My understanding is that the Minister of Agriculture is flying to Rome for an international conference today. I may be wrong, but I talked to him last night and that was the indication that he gave me. I do not think he will be here during that period.

**Senator Argue:** That will need to be a pretty important conference. I wonder what is more important in Rome than chicken in Canada.

#### GARRISON DAM PROJECT

**Senator Molgat:** I have a supplementary question regarding the agenda for the meeting with President Carter. I do not know whether I should address it to the government leader or to the minister who seems more prepared to answer questions, the Minister of Industry, Trade and Commerce.

**Senator Flynn:** Thank you.

**Senator Molgat:** My question relates to a particular problem in the province of Manitoba, but it is one that has some very broad effects across Canada. I am referring to the Garrison Dam in the United States. This has been under construction for some time, and the Manitoba government has made representations in this regard, as have a number of volunteer associations. The International Joint Commission has been seized of it and has made a report. More recently, the Manitoba Indian Brotherhood has produced a study indicating that some 28 Indian communities will be affected if it proceeds, that there is a potential loss of hundreds of millions of dollars to the commercial fishery, and yet the process seems to continue in spite of the fact that President Carter appeared to have put a stop to it at some stage. Every indication we have is that construction continues and the potential pollution of Canadian waters continues.

● (1430)

This particular project is of direct concern to Manitoba, admittedly, but obviously there is the overall national concern that, if they can do that in one location, then none of our trans-boundary waters are safe.

Could we have the assurance that this item will be on the agenda and will receive all of the serious consideration it deserves?

**Senator Flynn:** Yes, and other similar problems.

#### WEST COAST OIL PIPELINES

**Senator van Roggen:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. It is really supplementary to the first question asked by the Deputy Leader of the Opposition relative to the oil pipelines. It does not have to do with the gas pipeline but the question of west coast oil pipelines in Canada and/or the Foothills line to Alaska.

I wonder if the minister can assure us in this house that the government has now formulated a policy to lay before President Carter—I might say no policy appears to have existed at least as recently as August—that would assist the President in making a decision more favourable to Canada than the recommendation he has received from Mr. Andrus, Secretary of the Interior, that he should adopt the northern tier proposal.

I asked the minister a question similar to this two or three weeks ago. He has not responded to it yet. Time is getting short. I should like assurance that not only will the question of the pipeline be raised but that the Canadian government indeed has a policy formulated which it will present to the President on that particular issue.

**Senator de Cotret:** I am a little surprised by the senator's question. We have a clear policy with respect to the oil pipeline. I gave this chamber details on the policy and we have often reiterated it. I gave the opposition leader in this house the exact dates and the names of the representatives that had presented our case before the various American agencies. I tabled the documentation in terms of the aide-mémoire that was presented by the deadline.

I think our position on this matter is quite clear. Certainly, in our discussions with President Carter we will put forward again the position and the policy that this government has followed throughout its five months in office.

**Senator van Roggen:** I should like to ask a supplementary. I do not want to pry into the private provisions or proposals you may put to the President. That is not my objective today. However, I am concerned that not just a simple statement will be put to him that we would like to go over land across Canada to bring down Alaska oil, because as the minister well knows that will not produce a satisfactory result owing to the fact that there is very little oil to bring down at the moment.

I am seeking assurance that the government has formulated some specific suggestions to the President, such as, and I only use this as an example, a forthcoming position from Canada on a temporary supply to northern tier refineries with sweet oil from Canada to enable the United States to postpone a decision on northern tier until a closer look can be taken of the overall situation. I mean that type of specific policy. Have policies such as that been formulated so that the discussion with the President will indeed be in more depth than the type

[Senator Molgat.]

of "motherhood" that we have so far received as a statement of the government's policy in this connection?

**Senator de Cotret:** I can only assure the honourable senator that the discussion will be in depth.

#### THE ECONOMY

##### ECONOMIC DEVELOPMENT POLICY—PROGRAM EVALUATION

**Senator Everett:** Honourable senators, I have a question for the Minister of State for Economic Development. Mr. Minister, there was a press release from the office of the Prime Minister dated August 30, 1979, Jasper, which stated therein on page 3, item 3, that:

Ministers must be provided with an increasing capacity to hold departments and agencies fully accountable for the efficient and effective discharge of their responsibilities.

It says that this will be accomplished by:

Reviewing Expenditures on an Ongoing Basis. Procedures will be established to review programs on an ongoing basis to determine whether the original objectives are still valid and to determine whether programs have been effective in meeting their stated objectives.

The minister made a speech to the Montreal Chamber of Commerce on October 16, 1979, in which he stated:

We're ensuring the proper involvement of Parliament through the work of the Joint Standing Committee on Program Evaluation;

It would seem clear that the minister's statement is an outgrowth of the release from the Prime Minister's Office and that one refers to the other. I wonder if the minister could tell us what the Joint Standing Committee on Program Evaluation is and could he describe the work that it will do?

**Senator de Cotret:** Yes, I would be happy to talk about program evaluation. I would just like to ask you one question for clarification. Were you pointing to a speech that I gave about parliament committees?

**Senator Everett:** It was entitled, "The Private Sector: Engine of Economic Growth." The speech was made to the Montreal Chamber of Commerce on October 16. I will send a copy over to you but I would like it back right away, Mr. Minister, because I would not want to lose one of your speeches. I keep them all.

**Senator de Cotret:** In terms of program evaluation, we have done quite a bit in the short time we have been in office. I can first of all talk about the inventory in the economic development field that was done of the various programs that we administered with a view to ensuring that the programs were still meeting the needs for which they were initially created.

For example, we identified 63 programs that are now administered by ten departments, I believe, as potential candidates to be crunched, if you like, into eight programs rather than the 63, to be administered by three departments, thereby gaining more efficiency in program delivery, providing the



community that those programs intend to serve a more clearly defined focus where they can address themselves, and improve the efficiency of the programs overall in terms of what they are trying to do.

Given that we have approximately 430—I do not want to be held to the exact number, but it is over 400—programs in the economic development field, you will recognize that we have to go at it step by step. But we are reviewing programs with a view to making them as efficient as possible and with a view to satisfying the clientele for which those programs were put into place.

So there is both the efficiency in terms of the administrative costs of the programs and efficiency in terms of the delivery of the programs for those to whom the programs are addressed. That work is ongoing.

In terms of closer control over expenditures, we are, on an ongoing basis in the work program of the economic development committee, reviewing a number of programs. That goes on a weekly basis as programs come up for review and come up particularly in the context of expansions in programs or reductions in programs. There have been a number of them. It is a long list so far. I would be happy to tell you the number of programs that we have looked at in this manner, but, as you will recognize, given the extent of the economic development envelope, or the expenditure envelope, it is not a process that can be accomplished overnight. But we are well into it.

● (1440)

**Senator Everett:** I appreciate that this is something that cannot be accomplished overnight. You have said, however, that you are carrying out evaluations of continuing programs, and I think you said you would be happy to provide me with a list of the programs that have been evaluated. If I am correct in that, I would ask the minister to table in the Senate a list of the programs that have been evaluated to date.

**Senator de Cotret:** I shall be happy to indicate the number of programs that have been reviewed under the economic development envelope, both in terms of ongoing programs and special funding programs. I do not have those numbers at my fingertips, but I shall be happy to get them for you.

**Senator Everett:** I am not only asking for the number. I should like to have a list of the actual programs that have been evaluated to date.

**Senator de Cotret:** I shall provide such a list.

**Senator Everett:** Can you tell me—and this really goes back to my original question—what the Joint Committee on Program Evaluation is going to do?

**Senator de Cotret:** I am sorry; would you repeat your question?

**Senator Everett:** In your speech, you referred to the Joint Committee on Program Evaluation. I do not know of any such committee in Parliament. You spoke of it using the definite article rather than the indefinite article, and I therefore assume that you have a fairly clear idea of what that joint committee is going to do. I think it would be of interest to the

members of the Senate if you were to describe what you had in mind when you spoke of the Joint Committee on Program Evaluation.

**Senator de Cotret:** I shall have to take the question as notice. It may be a matter of translation. I was speaking to the Montreal Chamber of Commerce and the text of the speech was in the French language. Frankly, I cannot remember referring to a Joint Standing Committee on Program Evaluation. I shall take the question as notice and provide a specific answer at a later date.

[Translation]

## FISHERIES

### RESTRICTION ON TRAWLER FISHING IN GULF OF ST. LAWRENCE

**Senator Marchand:** Honourable senators, I have a question for the government leader which will certainly please him since it concerns his native region, the Gaspé peninsula.

Until August 27 last, trawlers of 100 feet or more were forbidden to fish in the Gulf of St. Lawrence. This interdiction was lifted by the Minister of Fisheries and Oceans and trawlers of 100 feet or more can now catch in excess of 6,000 metric tons of cod. Of course, this has extremely serious economic implications for Gaspé fishermen.

Is the minister aware of this situation? Also, how long will trawlers of 100 feet or more be allowed to fish in the Gulf of St. Lawrence?

**Senator Flynn:** I am not aware of this situation, but I shall enquire and obtain at the same time an answer to the question of the honourable senator.

## TRANSPORT

### RUMOURED MERGER OF AIR CANADA AND CP AIR

**Senator Marchand:** I have another question on which you are probably better informed since it concerns another question that I asked yesterday about the negotiations between CP Air and Air Canada.

As concerns the re-arrangement or redistribution of air routes in Canada, does the government intend to follow closely these negotiations which would normally come before the Canadian Transport Commission in view of the importance of this redistribution? Also, our experience with railroads, for instance, has shown how very easy it can be to give to a company certain routes which are not profitable and others which are profitable to another company.

In view of the very serious implications of this project, does the government plan to monitor and supervise the negotiations between these two major companies?

**Senator Flynn:** As I underscored yesterday, the Minister of Transport was talking hypothetically about an agreement and not a merger between the two major national carriers. Of course, it seems that this is the way things are going. The government will therefore certainly monitor the situation and

intervene to ensure that there is in fact a rationalization of services.

**Senator Marchand:** I have a supplementary question. I would not want it to be simply a rationalization because in the exchange—and as you know, I have a very intimate knowledge of this type of problem—it is very easy to impose on a crown corporation specific obligations that a private company would not accept for obvious reasons, as was the case for the Canadian National Railways. If the same is done in the case of Air Canada, this will mean that sooner or later this company will become non-profitable and this will be used as an excuse to hand it over to the private sector.

**Senator Flynn:** I am certain that the government does not wish to replace the present situation, where we have two competitors, by a monopoly, whether of the private or the public sector. I shall certainly transmit the concerns and the comments of the honourable senator to the Minister of Transport.

**Senator Marchand:** I have another supplementary. The minister is probably aware that, except for the United States, nearly all major countries have only one international carrier which has no competition. This is not the case in Canada.

Therefore, even though you say that we should not establish a monopoly, it is not certain that this would not be desirable, especially for international flights. This is exactly what I am afraid of, that competition may increase to the extent that all our airlines will become inefficient.

**Senator Flynn:** I must emphasize that this is the main concern of the Minister of Transport. Our two major national carriers should not compete too much for international flights, but there should perhaps be a more logical distribution than at the present time.

[English]

## PRESIDENT OF THE UNITED STATES

### ITEMS FOR DISCUSSION DURING VISIT TO CANADA—PURCHASE OF NEW FIGHTER AIRCRAFT

**Senator McDonald:** Honourable senators, I have a question for the Minister of State for CIDA. I should like to ask the minister whether it is the intention of the Prime Minister, either himself or through his Minister of National Defence, to discuss with President Carter during his upcoming visit to Canada the purchase of a new fighter aircraft to replace the seemingly ageless F-101 and F-104 aircrafts?

**Senator Asselin:** As honourable senators are aware, this matter has been under study for quite some time. A decision has not yet been reached. It is possible that discussion on this matter could arise during the upcoming visit of President Carter.

**Senator McDonald:** A supplementary, honourable senators. According to press reports of a week or ten days ago, Northrop, which is a partner of McDonnell Douglas in the F-18 project, sought an injunction against McDonnell Douglas, the reason being, as I understand it, that they were worried as to

the disruption of what they thought was part of their subcontract from McDonnell Douglas. It was their concern that McDonnell Douglas might take that subcontract from Northrop and give it to a Canadian company.

My question to the minister is, first, whether or not such an injunction has been granted and, if it has, will it have any lasting effect with respect to the Canadian decision on the purchase of a new fighter aircraft?

**Senator Asselin:** Honourable senators, I shall take this important question as notice and consult with the Minister of National Defence in an effort to provide an answer as soon as possible.

## FOREIGN AFFAIRS

### AID TO CAMBODIA—CO-OPERATION OF U.S.S.R.

**Senator Thompson:** Honourable senators, I have a question for the Minister of State for CIDA. In view of the eloquent question posed by Senator Macquarrie and the encouraging announcement that the Canadian government is going to provide \$15 million in aid to the starving people of Cambodia, and in view of the fact that the minister is a realist in international affairs and is, as are all of us, aware of the veto that can be placed on the transportation of aid in the form of medical supplies and food to the starving people of Cambodia in the hands of the Soviet Union, has the Government of Canada, either through the Minister of State for CIDA or through the Minister of External Affairs, made approaches to representatives of the Soviet Union requesting their co-operation in seeing to it that this aid in the form of food and medical supplies gets directly to the needy?

[Translation]

**Senator Asselin:** When the meeting took place at the United Nations, toward the end, I think, delegates were assured that if food and medical supplies were sent to this area, there would be no problem in getting them to the needy. This assurance was given by the Secretary General to the United Nations during the conference and also by the delegation which objected previously to letting food and medical supplies go through.

● (1450)

[English]

## PRESIDENT OF THE UNITED STATES

### ITEMS FOR DISCUSSION DURING VISIT TO CANADA—JOINT CANADA-U.S. AID TO CAMBODIA

**Senator Thompson:** As a supplementary, I notice that the United States has also responded generously to the plight of the Cambodian people and have proposed a grant of \$100 million. I also note that there is a bipartisan committee of the House of Representatives—more than 68 representatives, as well as representatives of many other voluntary organizations across the United States—asking the President to make a direct appeal to the Soviet Union for a joint airlift.

In view of the fact that both Canada and the United States provide wheat to the people of the Soviet Union, would this be



a matter that possibly could be discussed with the President so that there could be a joint effort by Canada and the United States with respect to this problem?

[Translation]

**Senator Asselin:** Any representation which will be made to bring relief to the extremely distressed Cambodian people, jointly with the United States or any other country, will be very seriously considered.

What we want as Canadians is to provide for their most pressing needs and try to relieve their distress as soon as possible.

[English]

## THE ECONOMY

### CANADIAN AND AMERICAN MONETARY POLICIES

**Senator Lamontagne:** I have a question for the Minister of State for Economic Development. In view of the forthcoming visit of the President of the United States, and in view of the fact that Canadian monetary policy, for all practical purposes, is dictated by U.S. monetary authorities, can the minister tell us what would be the consequences in Canada in terms of the interest rate structure of the drastic conversion of the Federal Reserve Board to monetarism, and of its recent most important decision to stabilize from now on the money supply, and to let interest rates float?

**Senator de Cotret:** I believe that I outlined very eloquently last week what would be the very desirable impact of the domestic policy that we are pursuing in the monetary field on the long-term economic well-being of this country.

I identified some problem areas that we were looking into, but I indicated, from a long-term perspective, that when we look at the decade of the 1980s we have to get the question of inflation under control. It is a tough decision, but it is one that is consistent with the long-term well-being of the Canadian public in general.

In terms of the conversion of the Federal Reserve to monetarism, I think it is not quite that recent—

**Senator Lamontagne:** October 6.

**Senator de Cotret:** To tell you honestly, senator, Arthur Burns, during his day as Chairman of the Federal Reserve Board, was far from being a traditional Keynesian, and monetarism of the Federal Reserve Board, the control of the money supply and the use of M-1, M-2, M-3 and M-4, and all those other measures, have been long standing practices in the U.S., and of much longer standing than in Canada.

In Canada, it is not a recent conversion either. We have been talking about monetary targets for growth and the monetary supply for several years now. There have been adjustments on a number of occasions. So I do not think there is anything recent there.

I would hasten to add that to the best of my knowledge we still keep a fairly close eye on credit market conditions. Money supply is one important variable, and credit market conditions is another.

**Senator Lamontagne:** I am sure that the minister is aware of the statement made by the Chairman of the Federal Reserve Board on October 6 to the effect that from now on they will try to stabilize the money supply rate of growth and let the interest rate float. This is a very new departure in U.S. monetary policy.

**Senator de Cotret:** I respectfully beg to disagree. I do not feel that it is a major departure in U.S. monetary policy. They have had targets for M-1 and M-2 for at least 10 years. When I was there 10 years ago they were following monetary targets then.

**Senator Lamontagne:** Unfortunately, as the minister well knows, the targets were not met, because they were trying to control the structure of interest rates. Now that policy has been abandoned. I would like the minister to try to answer my original question: What will be the consequences in Canada of this very important drastic change in U.S. monetary policy?

**Senator de Cotret:** I do not accept the honourable senator's basic premise that there has been a basic drastic change in the approach of the U.S. Federal Reserve toward monetary policy. As a result, it is very hard for me to answer the second part of his question.

**Senator Lamontagne:** Could the minister go back to the statement made by the Chairman of the Federal Reserve Board on October 6 in Washington, and also to the comments made by Governor Bouey before the finance committee of the other place about this great change in U.S. monetary policy, and give me an answer later?

**Senator de Cotret:** I shall be happy to look at the statement. I saw media reports of the remarks, and I do not think that there is anything inconsistent or that I will have anything further to report after I have looked at the remarks. I do not feel that there is a great change. Monetary targets in the U.S. have been pursued for years. They may be changing emphasis slightly, but, I repeat, the U.S. have targeted their monetary policy to M-1 and M-2 growth for a number of years, and we have had in place in this country targets for M-1 and M-2 for a number of years. I do not see a drastic reversal of policy.

**Senator Everett:** Surely the minister will accept the fact that the Federal Reserve was governing the aggregate of the monetary base and the monetary aggregates by setting the federal funds rate, and on October 6 the Federal Reserve announced that from that point forward they would set the level of the aggregates and that interest rates could go wherever they had to go to achieve that aggregate.

Surely the minister would accept that as being a fairly basic and major change in approach.

**Senator de Cotret:** In approach, but not in policy. The policy is the same. They are trying to do the same thing. They are changing the means.

**Senator Everett:** As a supplementary, the approach is all important in that case, because if you are trying to control the monetary base and set the aggregate amount in that base, and you allow the federal funds rate to go anywhere it has to go in

order to achieve that level, that is a vastly different thing from saying, "We are trying to control the aggregates by setting the federal funds rate at a certain amount."

There is a difference, surely, between making the beacon the interest rates, and the beacon the aggregates. It is an approach, I agree. The policy is the same, but the approach is all important.

**Senator de Cotret:** Yes, I agree with that, senator. All you are really saying is that when they were setting the federal funds rate, in order to achieve an aggregate growth, they were not setting it at the right place to get to their goal. They are now going the other way around.

**Senator Everett:** That is the significant difference. When they were trying to set the interest rates, they were not able to control the aggregates. That is what Senator Lamontagne is saying. They were not able to control the aggregates, and now Mr. Volcker is saying, "We are going to control the aggregates, and the interest rates can go anywhere they have to go." That is a significant change in policy.

**Senator de Cotret:** His predecessor also said that he was going to control the aggregates. The record will have to speak for itself. We will see what happens to the aggregates over the next 12 to 18 months.

● (1500)

Then we will be able to pass judgment on the policy. All I am saying is that Senator Lamontagne was suggesting that they had moved from a traditional Keynesian approach to monetary policy to a monetarist Friedmanite approach. I am merely saying that there is no move there. They have been on a monetarist approach in the U.S. for the last decade.

**Senator Lamontagne:** I did not say that.

**Senator Bosa:** Has the Minister of Industry, Trade and Commerce studied the report of the Canadian Institute for Economic Policy, which clearly demonstrates that the present monetary policy is increasing our economic problems, and is the minister going to advise this house whether the government will respond to that study, which was done by two highly respected economists, namely, Messrs. Arthur Donner and Douglas Peters?

**Senator de Cotret:** I disagree with both of them.

**Senator Bosa:** But will the minister respond to the specific points they have raised?

**Senator de Cotret:** No, not at all.

## HUMAN RIGHTS

### ALLEGED RELIGIOUS DISCRIMINATION IN CANADIAN ARMED FORCES

**Senator Haidasz:** I should like to direct a question to the government leader. In view of the representations I have received from a Department of National Defence officer complaining that no Jew or Moslem of the Canadian armed forces is allowed to serve in our Middle East contingents, would the

Minister of Justice, who is responsible for the Human Rights Act, investigate this complaint and inform the Senate whether this practice of the Department of National Defence is in contravention of the Canadian Human Rights Act?

**Senator Flynn:** I will certainly investigate that matter. This is the first time I have heard about it.

**Senator Haidasz:** When the minister is investigating this matter, will he tell us whether any officers of his department have caused an investigation to be made in all government departments and agencies of the federal government to find out whether their practices are in accordance with the Human Rights Act and its regulations?

**Senator Flynn:** I don't know if it is done on a systematic basis, but I know the Commission on Canadian Human Rights is monitoring the administration in this respect. If the commission found anything it would certainly advise both the department concerned and the Department of Justice, which is responsible for enforcement of the principles of the act.

## PRESIDENT OF THE UNITED STATES

### ITEMS FOR DISCUSSION DURING VISIT TO CANADA—WEST COAST SALMON FISHERY

**Senator Williams:** I should like to direct a question to either the Leader of the Government or the Minister of Industry, Trade and Commerce. On the occasion of the visit of the President of the United States, will the government discuss matters of concern to the Pacific coast fishermen? For years there has been an overtake by American fishermen of salmon bound for Canadian rivers and their reproduction areas. On the Gulf of Alaska, Canadian boats will no longer operate in the halibut fisheries in 1980. The American government has stated that our fishermen will no longer be able to operate on the Gulf of Alaska, which has been an historic fishing ground for Canadian fishermen for many years, beginning possibly in the late 1890s. Notwithstanding that fact, the Americans have always had an overtake of Canadian salmon off the Fraser River system, because Canadian fishermen have limited fishing time due to conservation requirements.

**Senator Flynn:** What is the question?

**Senator Williams:** Will the government discuss with the President and his ministers why the Americans take that much more salmon than the Canadians, although the salmon is bound for Canadian waters? In Portland Canal, for instance, while the Americans fish for five or six days, the Canadian fishermen operate for maybe 12 hours in a week, and during the past year there has been no commercial operation there. Will the government raise this problem of the Canadian fishermen having to conserve fish while the Americans are allowed to continue fishing?

**Senator Flynn:** There are many details contained in the small speech of the honourable senator. I can tell him that the problem of fishing boundaries on the east and west coasts will be discussed. I do not know about the details of the Alaska problem.



I am aware of some problems; for instance, with respect to the east coast there is an agreement that needs ratification by the United States Senate. On the west coast there has been some arrangement with regard to fishing rights, and so on.

I know that there are problems, and I know that some of them are on the agenda. Whether all the specific matters the honourable senator has raised are on the agenda I am not able to tell him. The general concern will certainly be part of the discussion.

**Senator Williams:** The question of the overtake does not involve the boundaries that are now being negotiated.

**Senator Flynn:** No, there are other arrangements.

[Translation]

### FOREIGN AFFAIRS

#### CZECHOSLOVAKIA—TRIAL OF CHARTER 77 MEMBERS

**Senator Asselin:** Honourable senators, I would like to answer a question put yesterday by Senator Haidasz concerning the trial in Prague of certain Czech activists for human rights belonging to the "Charter 77" group.

I would like to remind the senator that a motion was passed by the House of Commons last October 22 which reads as follows:

That this House register with the Parliament of the Czechoslovak Socialist Republic, the concern and the hope of the Canadian people that these trials be conducted publicly, be open to observers and that the human and civil rights of those being tried be upheld and respected according to the spirit of the Helsinki Act.

I also want to point out, honourable senators, that last July the Honourable Flora MacDonald asked our ambassador in Prague to pay a visit to the Czechoslovakian foreign affairs ministry to convey the concern of the government over these arrests. After the trial in Prague was over, Miss MacDonald sent a personal message to her Czechoslovakian counterpart, a copy of which I will forward to the senator later in the day. That was the essence of the question which was put to me yesterday.

#### IRAN—OCCUPATION OF UNITED STATES EMBASSY

**Senator Asselin:** I also wish, honourable senators, to answer a question asked by Senator Austin concerning the situation in Iran.

Obviously, the Government of Canada is very much concerned by the situation in Iran.

Our embassy is following it very closely. It has tragically deteriorated but the motions passed in the Senate and the House of Commons have been transmitted to the Government of Iran. I also wish to point out that after the air rescue mission of last February, fewer than 150 Canadians are still living in Iran and most of them are staff members of our embassy in Teheran and all steps have been taken to guarantee their safety.

[English]

### THE ENVIRONMENT

#### POLLUTION BY ACID RAIN

**Senator Steuart:** Honourable senators, I should like to direct a question to the Leader of the Government. About 10 days or two weeks ago I asked him a question concerning the control, or lack of control, of pollution at the Saskatchewan Power Corporation plant being built at Coronach in southern Saskatchewan, and he promised to get me the information from the Minister of the Environment.

I raise the matter today because I think there is some urgency about it. I have a press release of last Friday that indicates that, while the International Joint Commission ponders the future of expansion of the Saskatchewan Power Corporation at Coronach, the corporation is forging ahead with the first co-operated burning generator, to be opened some time next spring.

• (1510)

The Government of Canada has the right, as I understand it, to stop that development, but that would be perhaps too drastic. The problem is that they are now planning the second phase in spite of and in the face of complaints from not just the Americans but the International Joint Commission on which, as you know, Canadians sit.

I think there is some urgency that we get the answer so that we can find out exactly where the government sits with respect to this development.

**Senator Flynn:** The honourable senator will remember that last week I told him the minister had asked his officials for a complete report on the matter. It has not reached me, but I will endeavour to find out if the minister has received it or when he expects to receive it, if he has not already.

### INCOME TAX ACT CANADA PENSION PLAN

#### SECOND READING—DEBATE ADJOURNED

**Senator Roblin** moved the second reading of Bill C-17, to amend the statute law relating to income tax and to amend the Canada Pension Plan.

He said: Honourable senators—

**Hon. Senators:** Hear, hear.

**Senator Roblin:** Honourable senators, I am touched by your demonstration because I cannot imagine why anyone would applaud a person who wants to make a speech on taxation, particularly when it is imposing taxation in many respects. I salute your patriotism.

**Senator Everett:** We applauded before so that we would not have to applaud afterwards.

**Senator Roblin:** Then I had better take it while I can. So I am grateful for that.

**Senator Croll:** It is because it is a Liberal bill that you are introducing. You know that.

**Senator Roblin:** It is a Liberal bill and that makes it all the more surprising that there is that much enthusiasm for it. I can assure you that it has been amended in some important particulars which will make it a little more palatable to the world at large, regardless of how it may appear to the Liberal benches.

However, I can say that, by and large, members of the chamber will be familiar with the contents of this bill, because last year around this time, perhaps a little later, the then Minister of Finance brought down in the other place his budget, and it was as a result of that budget that Bill C-37 was prepared last year. Bill C-37 is the direct antecedent of Bill C-17 which we are discussing today.

That bill came to the Senate by way of the pre-study route and was consigned to the attention of the Senate Committee on Banking, Trade and Commerce where it received a lengthy examination.

As a result, there was a report, which is rather good, prepared under the direction of the Honourable Senator Salter Hayden, the Chairman of the Banking, Trade and Commerce Committee, and which was presented to this house. I draw attention of the members to the fact that at that time Senator Hayden gave what I believe was a splendid resumé of what was in that committee's report, and those who may be interested in looking it up will find it instructive.

Today I want to do three things as briefly as possible. One is to tell you what is in the present bill. The second is to deal with some of the differences between the present bill and its predecessor, Bill C-37 of the last session of Parliament. The third is to make a comment or two on the fate of the Senate Banking, Trade and Commerce Committee's recommendations which were presented to this chamber and to the government of the day, and to the present government before Bill C-17 was prepared.

Starting with what is in the bill today, I repeat that we are familiar with most of its contents, but perhaps it would be well to put them on the record once again. The major measures are as follows: First, the 3 per cent employment expense deduction is to be increased from \$250 to \$500 commencing with the 1979 taxation year. Secondly, the investment tax credit and research development tax credit have been enriched and extended. The details indicate that the credits are extended indefinitely beyond the present termination date, which is July 1 of next year. The rates are increased with an escalation in favour of the less developed sections of the country. The increase is from 5½, 7½ and 10 per cent respectively to 7, 10 and 20 per cent respectively, with the highest rates applying in the Atlantic provinces and the Gaspé region of Quebec, excluding the Montreal-Hull corridor, northern Ontario, Manitoba and Saskatchewan, northern Alberta, northern British Columbia and the Yukon and Northwest Territories. This repeats what was in the former bill.

[Senator Roblin.]

The 7 per cent investment tax credit is extended to include transportation equipment, defined as including commercial aircraft, railway and shipping assets, intercity buses and long-haul trucks.

The next important feature of the bill is the basic tax credit of 5 per cent of current and capital expenditures on research and development. That will be raised to 10 per cent in most regions and to 20 per cent in the Atlantic provinces and in the Gaspé region. This tax credit would be increased to 25 per cent for research and development expenditures by a Canadian-controlled private corporation that qualifies for the small business tax rate.

This is another one of the special measures which I think all parties are interested in for improving the economic climate for small businesses in the country.

The bill then proceeds to the question of oil well or gas well drilling fund incentives. This allows a 100 per cent write-off for Canadian exploration expenses incurred by individuals and non-resource corporations to be extended to December 31, 1981. This is part of the package of incentives to go drilling for oil and gas that we have discussed in this chamber on a number of occasions, and the application of the concession is extended for a further period, as I have said.

The bill then provides that financial institutions—including, among others, banks, life insurance companies, and trust companies—are taxable on earnings from term preferred shares and income debentures issued after November 16, 1978. I think this is another familiar topic to those who have been following the development of taxation with respect to this kind of financial instrument, and the government is, in effect, carrying out the previous indication that these tax concessions would be no longer available on these particular financial instruments.

There is another set of important matters in the bill that have to deal with matters like the registered retirement savings plan funds, the tax deductibility of interest and property taxes on land awaiting development, the deductibility of underwriting expenses, the evaluation of industries and of the inventories, the taxation of income for deferred annuities and matters of that kind which, I think honourable senators will agree, are rather complicated and would probably not benefit from any attempt on my part to explain them in detail. I would rather suggest that those who might be interested in the details should take advantage of the meetings of the Banking, Trade and Commerce Committee to get exact explanations from the officials of the tax collecting departments.

So far these measures are, by and large, the same as we found in the previous bill, but I now come to one change which is quite important. This has to do with the small business tax situation.

● (1520)

Before getting into that matter, I should point out that, by my count, there are some 32 changes in Bill C-17 over Bill C-37, most of which are of a relatively minor character. The



most important one deals with the taxation rate to be applied against small businesses.

The proposals introduced in the last measure that was before us made certain changes that would have denied the special corporate tax rate on small businesses to three categories of business income—professional income, income from certain personal services, and income from the provision of certain management and other administrative services.

The new bill, while re-affirming the principle that there has to be a different treatment for those particular classes of activity, has somewhat softened the impact over that which would have prevailed had the previous bill been passed. The major proposal is that a new small business tax rate of 33½ per cent be introduced for any Canadian-controlled private company engaged in any of the three categories of business I have outlined. For this purpose, the professional group, which originally included doctors, dentists, lawyers and accountants, will be expanded to include veterinarians and chiropractors.

The new approach will generally ensure that when the corporation pays a dividend, the amount of the tax for which a shareholder will receive credit will approximate the amount of tax actually paid by the corporation. As a result, the overall tax result will be neutral, whether the corporation pays salaries or dividends. That, indeed, is the distinction between this proposal and the one contained in the previous measure. In the previous measure, the tax position would not be neutral. Instead of paying taxes at a rate of 33½ per cent in the circumstances indicated, the tax rate under the previous measure would have been 46 to 51 per cent, depending on the jurisdiction in which the tax was applied.

So, as honourable senators can see, Bill C-17 would bring about a considerable change in the tax incidence in those circumstances. Corporations which retain earnings in the business will still enjoy a tax deferral, since the tax rate of 33½ per cent is lower than the personal income tax rate on taxable income in excess of \$15,000. This deferral would not have been possible under the proposals contained in Bill C-37. Another important factor—and one which, I think, will gratify the Banking, Trade and Commerce Committee—is that these new rules will be reflected in the law rather than in the regulations.

One of the main objections of the Standing Senate Committee on Banking, Trade and Commerce in dealing with the previous bill, as I recall it, was that a substantive tax measure was subjected to treatment by regulation—which means, if you want to look at it from its worst point of view, at the whim of someone or other—rather than being enshrined in the actual law itself. That is changed now. The new rules will be reflected in the law rather than in the regulations.

These changes will apply to taxation years commencing after 1979 for corporations in existence on October 23, 1979, and to all taxation years for corporations formed after October 23, the date on which the minister made his statement in the House of Commons.

Since all Canadian business income other than investment income of the three categories of corporations affected by the

change would be subject to the 33½ per cent small business tax rate, such corporations will be given time to re-arrange their affairs so that they can receive the benefit of the lowest small business tax rate on eligible active business income. Because some companies may be unable to re-arrange their affairs before the end of the year, the Minister of National Revenue is prepared to allow corporations that wish to re-organize in the light of these amendments to change their fiscal year-ends in 1980.

Honourable senators, I am the first to admit that the introduction of a third level of income tax for corporations can do nothing but complicate the situation. I think we have to face that. The justification for it must be that it represents a more equitable arrangement, all things being considered, than the arrangement contained in the previous measure. As we all find, as life proceeds, the tax laws become more and more difficult, more and more complicated. I, for one, certainly must join those who express their unhappiness that that should be the course of events. It will take, I suppose, another serious and deep-rooted reform of our tax structure—hopefully, not along the same lines as the one which took place 10 years ago—if we are ever to simplify our tax structure.

Incidentally, the Economic Council of Canada, in its recent report—was it the thirteenth? I wonder if it was. If so, it is an unlucky number, and it may be unlucky for that organization. In any event, that report contained a positive proposal as to how we might simplify the whole of our corporation tax structure—a proposal which, I hope, will receive some consideration in the time to come on the part of those interested in this area.

That, honourable senators, is a very rough and ready explanation of the main features of the new bill and a very rough and ready explanation of the differences between the new bill as compared with the one which was before us in the last Parliament.

In connection with this discussion, I also looked at the report of the Senate committee in respect of the old bill, which came before us on March 13, I believe, of this year. Senator Hayden at that time made an excellent presentation of the committee's point of view. According to my calculation, in that report the committee suggested 10 major areas in which it thought the bill should be improved. While we have not been outstandingly successful in seeing those recommendations incorporated into the new legislation, I can tell you that we score quite good marks on two important ones, those being the small business tax rate and the area of life annuities where certain retroactive tax elements were considered by the committee. There are eight other points, some more or less important than others, on which we did not score, but I think the committee will probably take advantage of the next opportunity to re-examine the same issues in an effort to see what can be done to make the new bill conform as closely as possible to its views as to what the best possible legislation would be.

The whole question of taxation represented by this bill has been hanging around, if I can use that expression, for some 11 months now, perhaps getting on for 12 months. A lot of people

have filled out their income tax returns on the basis of the budgetary statements accompanying the last budget, with the result that there is a good deal of uncertainty. The Department of National Revenue has not been able to assess certain tax claims. So, there is a real sense of urgency in making sure that this bill is considered as quickly as possible.

I conclude by saying that this measure is substantially the same as what was before us in the form of Bill C-37. It contains several improvements, I would suggest, over Bill C-37 that ought to appeal to this house and goes part of the way, at any rate, in dealing with some of the objections and recommendations put forward by our own committee with respect to the previous measure. I would solicit its rapid passage so that the Banking, Trade and Commerce Committee can again get its teeth into this interesting question.

**Senator McDonald:** Honourable senators, on behalf of Senator Lang, I move the adjournment of the debate. In doing so, I would like to say that we certainly have no intention of holding up this bill. I hope Senator Lang will be able to deal with it at an early date.

On motion of Senator McDonald, for Senator Lang, debate adjourned.

## COASTAL FISHERIES PROTECTION ACT

### BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Macdonald, seconded by the Honourable Senator Roblin, P.C., for the second reading of the Bill S-3, intituled: "An Act to amend the Coastal Fisheries Protection Act".—(*Honourable Senator Petten*).

**Senator Petten:** Honourable senators, I yield to the Honourable Senator Thériault.

**The Hon. the Speaker:** Is it agreed, honourable senators, that Senator Thériault proceed now instead of Senator Petten?

**Hon. Senators:** Agreed.

**Senator Thériault:** Having perused Bill S-3, I am sure that all honourable senators will agree it is necessary legislation. The few points that I wish to make, honourable senators, concern not so much what is contained in the bill, but with the fisheries as a whole as they affect the Atlantic provinces and the province of Quebec.

● (1530)

I well understand that the department must increase penalties for the reasons set out in the bill. However, what has bothered me for a number of years, and which still bothers me—and bothers all those concerned with fisheries—is the fact that we do not feel that the Department of Fisheries and Oceans is physically equipped to oversee the movement of foreign vessels in the fishing industry.

It is true that quotas are allocated and there is a restriction on the number of vessels permitted to fish at certain times, and also on the quantity and species of fish. But there is a feeling

around the Atlantic coast that the department is not equipped really to control the catches. That is one concern that I have.

The bill does not refer to my next point, but I want to take the opportunity afforded me to express my real concern about what is happening in the fishing industry around the Atlantic coast. I have asked questions of Senator de Cotret and his answer was that this is a constitutional matter. It seems to me that over the years, fishermen, like many other Canadians, have become a little fed up with constitutional talk and are more concerned with bread and butter issues. That concern was perhaps reflected in the way that people in certain parts of the country voted during the last federal election.

Senator Marchand raised a serious point earlier today when he indicated that a decision had been taken three years ago by the former Minister of Fisheries restricting trawlers over 100 feet in length from fishing in the Gulf.

The subject of fisheries is probably not all that important to many of my honourable colleagues in the Senate, but it is to people in the Atlantic region. It is a growing industry, one for which there is a future, which assists our export trade and helps our balance of payments and trade deficits.

Since the imposition of the 200-mile limit along the Atlantic coast—and, I presume, on the western coast—there has been a tremendous improvement in the catches and export of that resource.

Human nature being what it is, when it comes to dollars we are all looking for more. Fishermen are no different, and some of the large fish processors are no different. The decision that was reached three years ago, to prevent trawlers over 100 feet in length from fishing in the Gulf, resulted in an improvement of the industry for inshore fishermen. In dollar terms, when people talk about fisheries, anyone who is not familiar with the situation might think of the millions of dollars for investment. But what really matters is the number of people who are provided with jobs. For each job provided for offshore fishermen, there are 10 or more jobs for inshore fishermen to enable them to make a living. For over 50 years fishing has been a rough way to make a living, but lately, during the past four or five years, there has been an improvement. Anyone who travels along the Atlantic coast can easily see the improvement that has taken place in the economic situation of the inshore fishermen.

The larger fish processors in Nova Scotia have benefited greatly by the imposition of the 200-mile fishing zone and are making money. The trawlers are making money, as are the companies. But starting November 1, fishermen say they want to be able to fish in the Gulf. They say that trawlers under 100 feet in length cannot get out. It is true that they cannot get out, but the fish will still be there, one cannot catch them twice.

This matter concerns me very much and I hope that those honourable senators who are interested in the fishing industry on the Atlantic coast, and the fishing industry in general, will take careful note of the various committees which at this time are making representations to the Minister of Fisheries for the



reversal of the decision that was made. I hope that honourable senators on both sides of the house will assist fishermen by persuading the federal government to reverse its decision.

I wish to make one further point. I am pleased that the bill is now before us, because it proves to me that for the time being the federal government intends to retain its jurisdiction over fisheries. The other evening I had the pleasure of hearing Senator Smith (Colchester) speak about offshore mineral rights. While I did not agree with him on that score, I respect his research and knowledge on the subject. During the course of his remarks he mentioned fisheries and certain treaties. I am concerned that decisions are now being made which, in my opinion, will play right into the hands of René Lévesque and his separatists in Quebec.

I have had some experience, as a provincial minister, in attending conferences at the federal-provincial level. I used to converse with my counterparts from Nova Scotia, Newfoundland, Manitoba and Saskatchewan—provinces, including New Brunswick, that were not as powerful as Quebec and Ontario.

What always bothered me at those federal-provincial conferences was the fact that whenever the federal government, irrespective of the party in power, got a consensus from Quebec and Ontario, that was it. I am perhaps diverting from the subject of the bill, but this is the first opportunity I have had of addressing this chamber and I hope that honourable senators will be patient with me and will allow me to make known my feelings.

Returning to the subject of fisheries, when I hear the Premier of Newfoundland say that he is going to meet with the Prime Minister of Canada, and that he believes that the control of fisheries should go to the provinces, and that a certain stock of cod should be retained for the fishermen of Newfoundland; and when I hear the Premier of Nova Scotia, and some provincial ministers, say that provinces should have more control over fisheries, I am concerned. The Premier of British Columbia would want control over everything. In British Columbia it would not be much of a problem because there is no provincial dispute on the Pacific coast.

Perhaps honourable senators can tell me how they foresee the provinces of Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island getting together and saying, "We are going to fish there, you are going to fish here; we are going to fish here in May and you will fish there in June."? It does not make sense. I hope, honourable senators, that by introducing this bill, which to some may not seem important in content, the federal government does not intend to give away to the provinces its jurisdiction over fisheries. It should not do so. Each summer now we have almost a state of war between Quebec and New Brunswick over the matter of trout fishing and other types of fishing, because fishermen say, "These are our waters; you cannot fish here."

● (1540)

That has happened, and I do not want this happening between Quebec and New Brunswick, or between New Brunswick and P.E.I., or between New Brunswick and Nova Scotia

and Newfoundland. I hope that very soon indeed someone on behalf of the Canadian government will be able to take a firm stand on policy, and that the Government of Canada does not intend at any time to relinquish any of its jurisdiction over fisheries to provincial governments.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, that I put the question?

**Some Hon. Senators:** Question.

**The Hon. the Speaker:** It is moved by the Honourable Senator Macdonald, seconded by the Honourable Senator Roblin, P.C., that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read second time.

#### REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Macdonald** moved that the bill be referred to the Standing Senate Committee on Foreign Affairs.

Motion agreed to.

### CANADA-FRANCE TRADE AGREEMENT ACT, 1933 SUPPLEMENTARY CANADA-FRANCE TRADE AGREEMENT ACT, 1935

#### BILL TO REPEAL—SECOND READING

The Senate resumed from Tuesday, October 30, the debate on the motion of Senator de Cotret for the second reading of Bill S-2, to repeal the Canada-France Trade Agreement Act, 1933 and the Supplementary Canada-France Trade Agreement Act, 1935.

**Senator Godfrey:** Honourable senators, it would appear that the only real effect of the trade agreement this bill cancels was to prohibit the makers of Canadian sparkling wines from calling them champagne. The word "champagne" is an appellation of origin which designates in France wines produced entirely in the region of the wine growing province of Champagne, and which have been sparkled by a second fermentation in bottles. All sorts of other sparkling wines, which are not named champagne, are manufactured in other areas of France by other methods, and also in many other countries.

Since 1920 the appellation "champagne" had been used in Canada for a type of sparkling wine by numerous wine producers. The 1933 trade agreement did not have any effect on the conduct of Canadian wine producers. Not only did they continue to use the word "champagne," but they did everything they could to mislead the public into thinking that the wine was either actually produced in France or was made in Canada by the same methods used in France, and was of the same or superior quality.

On the labels of the bottles the name "Canadian" did not appear until 1947. The largest producer of these so-called champagnes, namely, Canadian Wineries Limited, changed its

corporate name in 1942 to Château-Gai Wines Limited, which had a nice French ring to it, and no doubt deceived some of the more gullible into thinking that they were buying French wines, or wines of the same nature and quality.

In 1947, the Department of National Health and Welfare ordered the producers of Canadian wines to add the word "Canadian" to the word "champagne" on all the labels of bottles containing sparkling wines sold under the name of "champagne." Following this edict, the word "Canadian" was evidently not given much prominence, because in 1956 the department issued a further directive that the word "Canadian" had to become an integral part of the name of these wines and was to be written in identical type. These wines are now known as "Canadian Champagne," so I think it would be unlikely that anyone is deceived into thinking that these wines are produced in the Champagne district of France.

Having been thwarted in their efforts to conceal the fact that this so-called champagne was made in Canada, Château-Gai then worked out a scheme to convince the Canadian public, first that their champagne was made the same way as the French champagne, and, secondly, that it was of equal or superior quality to the French product.

In furtherance of their first aim—and I might say to deliberately deceive the Canadian public—they printed on their bottle labels:

This bottle of champagne comes from a special vatfull which has been exposed to a second fermentation and made of wine selected and mixed in our cellars in virtue of a licence for using the "Méthode Charvat de France"—which is a special technique which was perfected by the wine growers and for which Château-Gai Wines Limited was granted exclusivity for the whole of Canada.

The méthode charvat de France is a method for fermentation in closed vats. In France, it is illegal to use this method in the manufacture of champagne wines, so Canadian champagne is not made in the same way as the French champagne.

In furtherance of their second aim to convince the Canadian public that their wine was of equal or superior quality to the French product, Château-Gai extensively advertised the fact that in the year 1954 it was awarded the Medal of Leadership for its premium quality champagne at the International Wine Competition held in Paris, France, by an international organization known as l'Institut International d'Alimentation. This was an organization from Brussels, whose main, and in the end only, organizer was a gentleman by the name of Gustave Dhont II, who was later convicted of fraud for his activities with respect to it. Under the rules of the so-called competition, the wines of France were excluded from the competition. Château-Gai never explained how you judge superiority in the category of champagnes if from the start the wines from Champagne were eliminated. Despite the publicity surrounding the conviction of Gustave Dhont, Château-Gai continue to reproduce the medals in its publicity, and in 1961 extensively advertised the fact that it had bought an early 18th century Buhl cabinet to display the medals.

[Senator Godfrey.]

Not content with this, they reproduced in their report a picture of a shop window taken in Paris showing Château-Gai products, in order to have the Canadian public believe that its products were generally sold in France in competition with French wines. An article appeared, with a photograph of the president of Château-Gai, entitled, "He sells Ontario wine in the very heart of France." What actually happened was that they made an arrangement with a wine shop in the rue de Gareté to place Château-Gai bottles in the window at night after closing hours. They then took the picture and immediately emptied the window of the Château-Gai bottles.

I obtained the facts I have recited from a judgment of the Quebec Superior Court, delivered in December 1968, in a case brought against Château-Gai by the French champagne producers, who were awarded an injunction prohibiting the use of the word "champagne" by Château-Gai. This judgment was affirmed by the Quebec Court of Appeal in November 1972, and by the Supreme Court of Canada in April 1974, on a split decision.

From the time of the original decision in 1968, all kinds of pressure was brought on the federal government to rescind the 1933 trade agreement with France so that Château-Gai and other Canadian wine producers could continue to sell Canadian champagne. While the original judgment applied only to Quebec, the French wine producers started another action in Ontario, after they had won the Quebec suit in the Supreme Court of Canada.

The government was in a dilemma. While the wine producers had apparently cleaned up their act, they had undoubtedly in the past indulged in practices to deceive the Canadian public which were inexcusable, and it was only because of intervention by the federal government that they clearly labelled their product as "Canadian champagne."

Our relations with France were somewhat delicate after General de Gaulle's visit in 1967. While the trade agreement was in practice very one-sided, as it really only benefited France, it was evidently decided that the wine producers of Canada making Canadian champagne had to suffer in order that our relations with France would not deteriorate further.

● (1550)

Then, of course, came the famous visit of René Lévesque to Paris in November 1967, when the French government paid him honour in such a way as to give the impression of encouraging Mr. Lévesque in his efforts to break up the country.

Personally, I thought it entirely appropriate for the Canadian government in December 1977 to respond to that provocation by giving notice of cancelling the trade agreement, although the government has not admitted that that influenced them in any way. While I did not have much sympathy for the way Château-Gai had behaved, there were other wine producers involved who had apparently not gone to quite the same lengths to deceive the Canadian public.

On February 13, 1979, I moved the second reading of Bill S-11 relating to trademarks and unfair competition. At page



531 of the Senate *Hansard* I discussed at length how the new Trademark Act would afford protection to certain appellations of origin in Canada and particularly champagne. I will not repeat what I said at that time. That bill died on the order paper when Parliament was dissolved. I presume it will be reintroduced with these particular provisions. As I pointed out in my speech at that time, if the makers of Canadian champagne drop the word "Canadian" from their labels they will lose the right to use the word "champagne", so that the French makers of champagne will be protected in a manner that is consistent with international practice and the Paris Convention on Trademarks.

In my opinion the Canadian government has done the right thing by introducing this bill confirming the decision of the previous government to cancel the Canada-France trade agreements of 1933 and 1935, and I support it.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, that I put the question?

**Some Hon. Senators:** Question.

**The Hon. the Speaker:** It is moved by the Honourable Senator de Cotret, P.C., seconded by the Honourable Senator Roblin, P.C., that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read second time.

#### REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Roblin** moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

### INCOME TAX CONVENTIONS BILL

#### SECOND READING—DEBATE ADJOURNED

**Senator Nurgitz** moved the second reading of Bill S-4, to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia and Canada and Jamaica.

He said: A bill in this form has been in this chamber on several occasions in various numbers, and has brought on some 24 tax agreements with various foreign countries. The purpose of the bill is to implement conventions between, in this case, Canada and Spain, Canada and Liberia, Canada and Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia, and agreements between Canada and Malaysia and Canada and Jamaica, for the avoidance of double taxation with respect to income tax. In addition, the bill provides that the Governor in Council may, subject to a

resolution of Parliament, give effect by order in council to any supplementary conventions or agreements.

At the time of tax reform, Canada had 16 tax treaties in force. That number is now 24, and it is expected that some 40 other countries will be added to the list, subject of course to the conclusion of negotiations with them.

As in the case of similar legislation approved by Parliament over the last three years or so, this bill contains a part which deals with supplementary conventions or agreements; and that is Part X of the bill. That part is designed to ensure that the tax treaties can be kept up to date as a result of changes in the tax system of Canada and of the other countries. The mechanism provided in this bill is similar to that agreed to previously, and contained in the various other bills approved in this chamber.

The nine tax treaties under review follow the general pattern of the treaties previously concluded with other countries after tax reform. They also follow to a large extent the format and language of the Model Double Taxation Convention prepared by the Committee of Fiscal Affairs of the Organization for Economic Cooperation and Development, the OECD. The agreement with Jamaica, when in force, will replace the existing agreement signed in 1971.

Honourable senators, I would point out that although the bill is quite voluminous, we should concern ourselves mostly with the treaties with Romania and Indonesia. Some of you will remember that this house has already approved twice the treaties with Malaysia, Spain, Liberia, Austria and Italy—it was Bill S-2 in the last session—and approved once the treaties with South Korea and Jamaica, and that was Bill S-7 in the last session. I understand the treaty with the United Kingdom, which was also part of former Bill S-7, will be reintroduced at a later date once some current renegotiations are completed.

The treaties generally provide that dividends can be taxed in the country of source at a maximum rate of 15 per cent. In the case of Malaysia, the rate is nil for dividends received by Canadians because Malaysia does not impose a tax of general application on dividends, and in the case of Jamaica the rate is set, as in the existing agreement, at 22½ per cent when the Canadian enterprise controls the Jamaican enterprise.

A general rate of 15 per cent—20 per cent in some cases with Liberia—is provided for in the case of interest originating in one country and paid to a resident of the other country. Certain types of interest—for example, interest paid to the Export Development Corporation—are exempted in the source country. The 1971 agreement with Jamaica did not put any ceiling on the Canadian rate.

With respect to royalties, the treaties provide for a general rate of 10 per cent except that the ones with Korea, Malaysia, Indonesia and Romania provide for a rate of 15 per cent. The 1971 agreement with Jamaica provided for a 12½ per cent rate in the case of Jamaica, and no ceiling in the case of Canada. The treaties with Spain, Austria, Italy and Jamaica also provide for an exemption in case of copyright royalties, while the one with Romania sets the rate at 10 per cent.

Some of the other matters also dealt with in these tax treaties include, for example, a provision dealing with capital gains.

The provisions of the nine treaties relating to capital gains are in line with the Canadian policy of preserving the right of the source country to tax gains arising on the sale of real property, business assets and shares in real estate companies.

There is a non-discrimination section. Discrimination, based on the concept of nationality, is prohibited under all the treaties. This will ensure a fair and equal treatment in the nine countries concerned. On the other hand, fiscal incentives based on the concept of residence, such as the small business deduction and the dividend tax credit in Canada, will not be affected—that is, they will not have to be extended to non-residents.

There is a provision with respect to teachers. In line with the White Paper on Tax Reform, no special concession for teachers from abroad is included in the tax treaties. The unilateral exemption granted Canadian teachers in Jamaica has been removed in the new treaty with Jamaica.

Dealing with pensions, Canada has preserved its right to tax pensions paid to residents of the nine countries included in this bill. In the case of Italy, however, there is a special provision whereby Canada or Italy will exercise that right only if the pension paid in a year exceeds \$10,000. The country in which the recipient of the pension resides retains its full taxing rights.

● (1600)

Dealing next with double taxation relief, the provision dealing with methods for eliminating double taxation is a very important one, perhaps the most essential of these agreements. Double taxation of foreign-source income of Canadian residents is alleviated by way of a foreign tax credit. In addition, an exemption is granted for certain dividends received from a foreign affiliate of a Canadian company. In order to promote the flow of capital and investment, the tax treaties also ensure that proper relief will be granted in the other countries in respect of taxes paid in Canada.

The tax treaties with Malaysia, Spain, Liberia, Korea, Jamaica, Romania and Indonesia contain an additional feature, commonly referred to as a "tax-sparing provision." Under such a provision, the tax incentives granted by those countries under pioneer-industry legislation will directly benefit Canadian residents. This is achieved by Canada's agreeing to take into account, for the purposes of computing the foreign tax credit, the amount of tax which would have been payable in the absence of the special incentive legislation.

On balance, honourable senators, the terms of the tax treaties provide an equitable solution to the various problems of double taxation existing between Canada and the various countries mentioned. Therefore, I commend this bill to the most favourable consideration of this house. If the bill receives second reading, I intend to move that it be referred to committee.

On motion of Senator McDonald, for Senator Hicks, debate adjourned.

#### CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTIETH MEETING—REPORT OF CANADIAN DELEGATION  
PRINTED AS AN APPENDIX

On the Inquiry of Senator Molson:

That he will call the attention of the Senate to the Twentieth Meeting of the Canada-United States Inter-Parliamentary Group, held in Alberta, the Yukon and Alaska, 9th to 17th August, 1979.

**Senator Molson:** Honourable senators, I prefer not to speak to this inquiry today, but I would ask that the report of the Canadian Delegation to the Twentieth Meeting of the Canada-United States Inter-Parliamentary Group, held in Alberta, the Yukon and Alaska, August 9 to 17, 1979, be printed as an appendix to the *Debates of the Senate* of this date.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[For text of report see appendix.]

The Senate adjourned until tomorrow at 2 p.m.



## APPENDIX

(See p. 282)

## CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

TWENTIETH MEETING—ALBERTA, YUKON AND  
ALASKA, AUGUST 9-17, 1979

## REPORT OF THE CANADIAN SECTION

In the terms of reference of the Canadian section of the Canada-United States Inter-Parliamentary Group we find the following paragraph:

## 2. AIM

The aim is to exchange information and promote better understanding between Canadian and United States parliamentarians of common interests and accomplishments, as well as differences and difficulties, rather than to arrive at binding decisions.

At the annual meeting there are normally 24 delegates from each country made up of Senators, Members of Parliament and Members of the House of Representatives.

The 1979 meeting took place in Calgary, Alberta. For the meetings the delegations were divided into three committees:

Committee 1: Trade, economic and defence issues

Committee 2: Energy issues including supply and transmission

Committee 3: Fisheries and environmental issues

Two Plenary Sessions were held: one to review the Alaska Highway Gas Pipeline, and the other to consider subjects of general interest to the delegations including political developments in both countries.

The composition of delegations was as follows:

## UNITED STATES

The members from the United States were:

## SENATE

Hon. Edward Zorinsky, Co-Chairman (Dem.—Nebraska), Hon. Max Baucus (Dem.—Montana), Hon. John H. Chafee (Rep.—Rhode Island), Hon. James A. McClure (Rep.—Idaho), Hon. Paul S. Sarbanes (Dem.—Maryland), Hon. Ted Stevens (Rep.—Alaska)

## HOUSE OF REPRESENTATIVES

Hon. Dante B. Fascell, Co-Chairman (Dem.—Florida), Hon. Mark Andrews (Rep.—North Dakota), Hon. Edward P. Boland (Dem.—Massachusetts), Hon. Don Bonker (Dem.—Washington), Hon. James Broyhill (Rep.—North Carolina), Hon. Sam Gibbons (Dem.—Florida), Hon. James Hanley (Dem.—New York), Hon. Harold Johnson (Dem.—California), Hon. John J. LaFalce (Dem.—New York), Hon. Arlan Stangeland (Rep.—Minnesota), Hon. Larry Winn (Rep.—Kansas)

## CANADA

The members from Canada were:

## SENATE

Hon. Hartland de M. Molson, Co-Chairman (Ind., Que.), Hon. Rhéal Bélisle (P.C., Ont.), Hon. Paul Lafond (Lib., Que.), Hon. Daniel Lang (Lib., Ont.), Hon. George McIlraith, P.C. (Lib., Ont.), Hon. George van Roggen (Lib., B.C.)

## HOUSE OF COMMONS

Mr. Herb Breau, Co-Chairman (Lib., N.B.), Mr. Bob Brisco (P.C., B.C.), Mr. Alexandre Cyr (Lib., Que.), Mr. Stan Darling (P.C., Ont.), Hon. Marc Lalonde, P.C. (Lib., Que.), Mr. Ed Lumley (Lib., Ont.), Mr. Mark MacGuigan (Lib., Ont.), Mr. Dan McKenzie (P.C., Man.), Mr. Donald Munro (P.C., B.C.), Mr. Frank Oberle (P.C., B.C.), Mr. Bob Rae (NDP., Ont.), Mr. Stan Schellenberger (P.C., Alta.), Mr. John Thomson (P.C., Alta.), Mr. Ian Watson (Lib., Que.), Mr. Fred McCain (P.C., N.B.)

## ACCOMPANIED BY:

Hon. Renaude Lapointe, Speaker of the Senate—Honorary President; Hon. James Jerome, Q.C., M.P., Speaker of the House of Commons—Honorary President

## COMMITTEE I—TRADE, ECONOMIC AND DEFENCE ISSUES

1. The Canadian and U.S. economic and monetary situation
2. GATT and bilateral trade
3. Protectionist trade practices
4. Problems under the Auto Pact
5. Investment Issues
6. Defence Issues
7. Agricultural Issues

### *The Canadian and U.S. economic and monetary situations*

Discussion in Committee I began with a general review of the state of the two economies. It was noted that both countries have high rates of inflation, with the United States recently rising to double digit levels. Unemployment had been serious in Canada for a number of years and was expected to rise in the United States from 5.7 per cent to 6.9 per cent officially and, according to leaked internal documents, to as high as 8.2 per cent by the end of 1980. Both countries had large budget deficits, with the level being disturbingly high in Canada. The United States and the Canadian dollars were weak internationally, and both governments had raised interest rates to unprecedented levels to defend the dollar. The United States had a large visible trade deficit while Canada continued to run a serious current account deficit. Productivity in both countries was a problem and neither economy was in a strong state.

An American speaker stated that the U.S. economy was in a stronger position than when the downturn began in 1974. Between 1974 and May 1975 unemployment had risen from 5.4 per cent to 9.1 per cent. Banks were not as extended as at that time; interest rates, though high, were below the rate of inflation and the money supply was not growing rapidly as had been the case in 1974. There was also a major new investment objective in the President's synthetic fuel proposal which could create demand for employment.

Discussion of possible remedies was inconclusive. Tax cuts were considered, but it was pointed out that previous cuts had not generated productive investment. In Canada's case it was noted that the budget deficit was so large that the government could not consider such a move. Some U.S. speakers showed a preference for selective tax cuts or even support of food and energy prices if such an approach were adopted at all.

The suggestion was made that allowing the two dollars to decline might increase relative competitiveness. Others pointed out that past experience indicated that, especially in the short term, the cost of higher imports may be greater than the gains from lower priced exports. It was noted that Canada had not benefitted from the decline in the dollar because productive capacity was limited and investment in new plant may come too late.

A Canadian raised the question whether the United States could and should continue to serve as the world's banker. American speakers agreed, but pointed to the difficulty of

persuading the Japanese and the European Community companies to assume a reserve currency role.

### *GATT, bilateral trade and protective trade practices*

Discussion on the Multilateral Trade Negotiations (MTN) was more encouraging for both delegations. All speakers expressed satisfaction with the result. Canadian speakers expressed a hope that exports of fish and papers would strengthen and that the tariff on petrochemicals might be lowered in subsequent bilateral negotiations.

The main point discussed was the successful passage through Congress of the Trade Agreements Act of 1979 at a time when most other bills of the Administration were in deep trouble. The final result was a surprise to almost everyone—only 7 opposed in the House and 4 in the Senate. All American speakers considered the successful passage of such a complex and potentially divisive bill remarkable, particularly given the size of the merchandise trade deficit and the weakness of the U.S. economy. Particular surprise was expressed regarding acceptance of limitations on federal procurement—Buy America. All gave credit to Mr. Robert Strauss the former Special Trade Representative. They suggest the technique he had employed should be a model for any difficult negotiations in future.

Mr. Strauss had in fact conducted parallel negotiations, with the GATT countries on the one side, and with Congress on the other. The U.S. negotiators had met with the relevant House and Senate committee members "literally hundreds of times". Portions of the draft bill were reviewed in sub-committee and later in full committee of the House Ways and Means and Senate Finance committees. Consultations with affected interest groups such as steel and agriculture were conducted through or in the presence of the Congressmen representing districts directly involved. Mr. Strauss managed either to satisfy or neutralize all the major affected interest groups. While the final bill submitted by the Administration differed slightly from the agreed draft, it was still accepted overwhelmingly.

A Congressman from New York state warned of continuing protectionist pressures, especially when business and labour collaborated. To illustrate, he suggested that the New York State legislature might be convened in special session and that there might be sufficient votes to over-ride Governor Carey's recent veto of a bill favouring domestically produced steel, which would seriously affect Canadian exports. Another American speaker noted that, in spite of the pressing need for boxcars to carry wheat for export, the strong support of the farm vote and the limited capacity of U.S. industry to meet the need (they are 2 years behind on orders), a provision to remove duty on rail cars which Canada and Mexico both desired had been knocked out in the House.

Canadian speakers, while welcoming passage of the Trade Agreements Act, and in particular the requirement to prove injury in countervail cases in future, pointed to some specific problems. A general difficulty concerned efforts to support



development in slow growth regions of Canada, especially the Atlantic provinces. This was a problem which had no parallel in the United States. The efforts had attracted countervail against Michelin tire imports from Nova Scotia and countervail had also been threatened against fish because of some support programs. The U.S. Treasury had ruled in January 1979 that a grant provided to Honeywell Ltd. to support the development of optic liquid level sensors in Canada constituted a grant justifying countervail under U.S. law. An American replied that in this instance the Treasury had made an important distinction; the decision was based on the support used by Honeywell for market research and development, as distinct from scientific research and development.

A letter from SPAR Aerospace Limited to the Canadian co-chairman pointing to the difficulties and delays they had experienced—as a result of Congressional questioning after an agreement between the NRC and NASA had been negotiated—was discussed and the letter subsequently circulated. The technique used by Mr. Strauss to secure Congressional approval of the Trade Agreements Act was advanced as a model in such a case. Given the way Congress operates, it was essential that any U.S. agency negotiating an agreement with a foreign partner should consult regularly with the responsible committee Chairmen in both Houses and with Senators and Representatives who might be affected. It was also agreed that the Canada-U.S. Interparliamentary Group could serve as an early-warning network, but that its influence was limited.

The question of bilateral free trade was only briefly mentioned in Committee. A Congressman expressed personal preference for free trade. He recognized the need to move slowly and at a speed acceptable to Canada. He wondered if it might be possible to move toward the goal sector by sector. The only Canadian to respond, an NDP Member, expressed concern that movement toward free trade would intensify the problems Canada faced from its branch plant economy. This led to a brief discussion of the nature of this problem, with an American saying how impressed he was by the development of the Canadian economy, given the size and shape of the economy and the size of the domestic market.

#### *Border Broadcasting and the Convention Tax Issues*

The issue of Canadian rules on the tax treatment of advertising on U.S. television, of particular concern to some stations near the border with large Canadian audiences, was raised by an American Congressman representing an affected community. He wondered whether the election of a Conservative government might lead to a change in policy since the party had opposed Bill C-58. He also drew attention to the meeting of officials planned for the following week and inquired whether Canadian attendance was a sign of willingness to negotiate. He suggested that the U.S. stations would be prepared to establish a development fund to be used to produce programmes in Canada if the Act were amended to make this possible. Providing there was no further deletion of advertising on cable television, he thought such a step would end the resistance of the border broadcasting lobby. Just after a new

election, he stated, was the best time to make a policy change. Without it, he feared the possibility of U.S. retaliation if the Special Trade Representative—in response to the complaint filed by 14 U.S. stations—recognizes injury under section 301 of the Trade Act.

Canadian Members from all parties were agreed that a change of policy in the face of U.S. pressure was unlikely. They pointed to the fact—already known to the affected U.S. Congressman—that the two responsible Ministers had broken with their party and voted in favour of Bill C-58. Canadian TV had benefitted from the Act, and Canadians voluntarily contributed about \$4 million a year to Public Broadcasting Service stations in the United States, an amount approximately equal to the decline in revenue of U.S. border broadcasting stations. Finally, Canadian delegates stated that the government's aim had been cultural; only in the United States was it seen as a tax measure.

This exchange led an American on the House Ways & Means Committee, which had authored the Tax Reform Act of 1976 and tightened up the rules on convention tax expenses, to explain that his committee's sole objective had been to close a tax loophole. He admitted that "without malice of forethought or any forethought at all", the Congress had blundered into this problem. While there was "no legitimate linkage" of the convention tax and border broadcasting, the link was now a political fact of life. A Senator added that, with Senators Jackson and Magnusson, Javits and Moynihan, ready to "take the floor" against any special treatment of Canada until the broadcasting lobby was satisfied, he was doubtful that Canada could hope for exemption. He added that Senator Magnusson was chairman of the Appropriations Committee and all four men were well connected and influential in the Senate.

The same Senator went on to question whether, even if the border broadcasting issue were resolved, Canada could then count on exemption. The United States was receiving representations from Mexico and the Caribbean countries regarding convention tax treatment and could more justly claim that tourism was more important to their economy than could Canada. It would, therefore, be difficult to exempt Canada without doing the same for these countries, yet there were several linked issues involving Mexico which would first have to be resolved. Another problem was that some Congressmen felt that the tax treatment of conventions held in the United States was still too generous. He noted that no one came to lobby him on the importance of an exemption for Canada. Finally, he personally was impressed that Canadian treatment would not be reciprocal if an exemption were granted; under Canadian law associations had to demonstrate a U.S. connection to qualify for tax deductibility if the convention were held in the United States. To this last point, a Canadian observed that most Canadian organizations had such an association.

The important point which emerged was that U.S. delegates were doubtful that satisfaction of the complaints of border broadcasting stations could lead to an assured exemption for

Canada on convention tax treatment. Thus, while the link had been used in Congress to contest an exemption for Canada, the reverse of the proposition did not necessarily prevail. Indeed, the only positive approach to emerge to this difficult combination of problems was the suggestion that Canada and the United States should try to negotiate reciprocal tax treatment rules for conventions and then seek exemption on this ground. This would at least offer a legitimate link and provide an effective argument for de-coupling border broadcasting.

### *The Automotive Industry*

This issue was introduced by a Canadian delegate who rehearsed the main facts: that both countries and the companies involved have benefitted and that the average annual increase in trade in automobiles and parts has been 22 per cent; that in only 3 of 14 years has Canada had a net surplus; and that of particular concern to Canadians is the fact that the deficit is growing and expected to do so until 1985. In assessing this situation it appeared that it was unrealistic to re-open the agreement itself. This left open only the possibility of leaning on the companies to place a reasonable share of new investment in Canada, especially that involving high technology manufacture. This was what the government was doing. Unfortunately, this opened up competitive bidding, a situation from which only the companies benefitted.

There was little that American delegates had to say about this argument. One questioned whether auto trade had to be balanced, but the Canadian response that it represented three-quarters of bilateral trade in manufactures robbed this argument of most of its force. It was noted that the auto industry within the United States was moving to the sun belt. As appears in the next section on investment issues, this was a trend the American delegates seemed prepared to see resolved by the market. It was also pointed out that plants in the south were being unionized quite rapidly, which should lead to higher wages and reduction of the differential in the south which now represents part of the incentive. Finally, a U.S. delegate pointed to the internationalization of automobile production as yet another problem. A Canadian agreed, noting that General Motors was negotiating with some 9 countries over the construction of a new engine plant.

A U.S. delegate warned that Congressman Charles Vanik chairman of the responsible sub-committee of the Ways and Means Committee, has been talking of holding hearings on the auto pact. In particular, he was concerned about Canada's more liberal treatment of parts made in third countries, which, having entered Canada duty-free, then flowed duty-free into the United States.

Another United States Congressman on the Ways and Means Committee, on being told that after-market parts were excluded from the auto pact and were dutiable, reacted by suggesting that with tariffs as low as they now were, he did not see why after-market parts should not also move free of duty between the two countries and in effect be included in the auto pact.

### *Investment Issues and Locational Grants*

The opening American speaker expressed satisfaction with the present state of relations in this area. On being reminded of the possible expropriation of a U.S.-owned asbestos company by the Province of Quebec, he continued to show little concern, explaining that asbestos caused so many environmental problems that the main interest was in finding a substitute. He acknowledged that the expropriation a few years earlier of a U.S. potash company by the government of Saskatchewan had aroused concern at the time, but that that situation had worked out so well that there was no residue of anxiety. He repeated that, if the United States could find a substitute for asbestos, asbestos would be harmed, but that this would not be an action directed against Canada.

Canadian comments on the actions of the government of Quebec related to the history of the asbestos industry in Quebec and would probably mean that even a successor government would continue the policy. Also involved was a desire to seek ways of upgrading asbestos before it was exported.

Discussion on locational grants reflected the same attitude evident in discussion of the auto pact, namely that U.S. states could not be prevented from competing among themselves. Particularly in times of unemployment, there was fierce rivalry among states. The main trend was a move from the Snow Belt to the Sun Belt. To the natural benefits of climate and a less unionized workforce, were added devices such as tax-free industrial development bonds (up to \$10 million per undertaking) and about 20 states offered land virtually free of tax. While U.S. delegates agreed that competitive subsidization among OECD countries should be avoided, they had no suggestions for how to achieve this end and reiterated the principle that competition among states could not be prevented.

Progress in negotiating an agreement on national anti-trust action in the two countries was noted and welcomed, but not discussed.

### *Defence Questions*

A Canadian delegate reported on the near completion of the U.S.-Canada air defence study leading up to consideration of the renewal of the NORAD agreement. He mentioned that the new government was reviewing the requirements for a ground support and air defence fighter and that the main interest continued to be focussed on the F-16 and the F-18. He also noted that Canada supported the SALT agreement and has so informed the U.S. Administration.

A U.S. delegate said he expected a modest increase in U.S. defence expenditure, which might lead to some pressure on Canada to increase its defence expenditure in the north. Another American delegate complimented Canada on its important peacekeeping role, especially in Cyprus. He thought that Canada was wise to specialize in the peacekeeping role, for which its political posture made it especially well qualified, and he thought this emphasis beneficial not only to Canada but to the Western Alliance as well.



### *Agricultural Issues*

Several American participants from farming states promoted the idea of an international wheat agreement, under which exports would be controlled by agreement among producers and the export price raised correspondingly. If such an agreement were reached with the world's principal suppliers—Canada, Australia and Argentina—the assured price in the United States could be raised and the return to the farmer increased. But without an agreement, competitors would simply undersell the United States and increase their share of the market, so there would be no point raising the assured price. The American advocates said that Senator McGovern, who had met members of the Canadian Parliament, reported an interest among the parliamentarians but opposition on the part of the government. What was the situation?

A Canadian delegate explained that Canadian farmers have looked sceptically on an international wheat agreement, because the agreement implies holding backing stock and this would involve them in carrying inventory on the farm. The Canadian tradition is to grow as much as can be sold or transported. In recent years, the bottleneck has been transport and the new government has given high priority to rectifying the problems. The aim was to increase capacity for handling grains by 10 million tonnes to 30 million, a statement which alarmed the Americans. A new facility was to be built at Prince Rupert, rail cars were being ordered and eventually work was to be done on the rail bed. The biggest dilemma was the Crow's Nest Pass rate, which represented approximately a \$300 million loss to the railways. The speaker thought that with improved facilities, Canadian farmers might be prepared to accept higher transportation rates. He added that this subsidy was small compared to the \$2 billion subsidy of transportation on the Mississippi River through facilities operated by the U.S. Corps of Engineers. In answer to a question about the possibility of keeping the St. Lawrence Seaway open all winter, it was stated that Canada opposed such a move, which would not be cost effective, and was resisted by power interests and environmentalists in both countries. However,

there were modifications contemplated which could lead to increased capacity.

American speakers responded to each point. Not only did U.S. farmers likewise have to hold inventory on their farm, they were also required to keep land out of production through the set aside program. There was a feeling that Canada has exploited the U.S. program to hold back production. In fact, American farmers preferred to hold surplus production themselves; they felt this reduced the risk of manipulation of the market by the government. The United States did not have a Wheat Board and was not ready to go to one. As for the subsidy on transportation on the Mississippi, it was pointed out that wheat was only one of many commodities moved on the river. The Americans were concerned as Canadian transport capacity grew that farmers would switch back to wheat from oil seeds and try to increase Canada's share of the export market.

The Canadian spokesman agreed this was a possibility and justified because, with physical transportation limitations and work stoppages on the docks, Canada's share of the market had fallen in the 1970's. By 1978 it had only regained the share it had in 1972. He noted that Senator McGovern had met members of the Senate Agricultural Committee but had not had contact with MP's. The only element which could lead Canadian farmers to change their mind about a wheat agreement would be higher prices. He urged the Americans to move with speed because, with increased transport capacity, Canadians would want to increase production to take advantage of the opportunity.

At this stage, an American speaker raised the question whether, in the face of opposition from consumer groups, it would be possible to secure Congressional approval of a higher price, even if there were a new wheat agreement. The question was left hanging. However, a couple of U.S. Senators said they intended to maintain contact and pursue the issue.

The question of beef and cattle trade was not raised.

## COMMITTEE II—ENERGY ISSUES

1. Gas
  - a) The Alaska Gas Pipeline
  - b) Additional Canadian gas exports to U.S.
2. Oil
  - a) Oil supply
  - b) U.S. proposals for transportation of Alaskan oil from Valdez
  - c) Strategic petroleum storage
  - d) Progress on future technologies.
3. Electricity.
4. Nuclear issues.
5. Energy conservation.

### *The Alaska Highway Gas Pipeline* (held in plenary session)

Prior to the plenary discussion of the Alaska Highway Gas Pipeline project, a presentation was made by Foothills Pipelines (Yukon) Ltd. Company officials reviewed the route, the costs, the timing, the financing and the benefits to both Canada and the United States of the pipeline project in the transportation of U.S. gas to U.S. markets. Among the points made were that the original completion date had been pushed back from January 1983 to the fall of 1984 or January 1985, that the entire pipeline in Canada would be buried, that the most difficult Canadian terrain would be some areas of permafrost near the Yukon-Alaska border, that there is an impressive array of experienced gas transmission companies involved in the project, that Canadian companies believe the project can be privately financed, that the company had put \$125 million risk money into the project, and that the gas pipeline would bring 20 trillion cubic feet (tcf) of gas from Alaska to U.S. markets.

The company's president, Mr. Pierce, emphasized the importance of prebuilding southern sections of the line to carry Alberta gas to U.S. markets before Alaska gas is available. He listed some of the following benefits which could be derived: the financing of the whole project would benefit since capital costs would be reduced; the Canadian economy would be stimulated by some \$2.3 billion; Canada would get increased cash flow through export of gas which could lead to more exploration and more discoveries of gas; jobs and production in the construction industry would be spread out over a longer period of time; there would be an obvious advantage to U.S. consumers of earlier gas availability; the prebuild facility would be partially depreciated by the time the Alaska and northern portions were in use.

In reply to a question by an American delegate as to what impediments were delaying the prebuild, the Foothills official replied that the Federal Energy Regulatory Commission (FERC) had still to decide the rate of return. Contracts could not be finalized until this was known. The FERC must also decide finally who will pay the cost of conditioning the gas before it enters the pipeline and whether the costs of conditioning could be "tracked through" to the U.S. consumer. This question was under appeal from an earlier Senate decision to

have the costs rolled into the price. Questions have been raised in the United States as to whether the project could be privately financed or whether it would need a government guarantee. Mr. Pierce stated that there were U.S. concerns about overruns on this line because of the massive Alyeska line overruns, but he maintained he was not apprehensive about substantial overruns in Canada due to the proven capability and experience of Canadian companies in pipeline construction. The company hoped for a decision on financing the whole line before the end of the year so the prebuild decision could go ahead; if so, the prebuild could be completed by the end of 1981.

The basis for financing the Alaska line would be 25 per cent equity and 75 per cent debt with a policy of reducing debt and equity on an equal basis, Mr. Pierce stated. It was explained that this was an unusual requirement imposed by the National Energy Board (NEB) and likely to be imposed by the Federal Energy Regulatory Commission. The total capital cost of the Canadian portion of the line is \$5.7 billion, an increase from the original \$4.3 billion due mainly to regulatory delays and environmental requirements. It was stated that the return on equity on the whole project would necessarily be higher in Canada—around 16 per cent—than in the United States, mainly because of the more advantageous tax system in the U.S. than in Canada. Amortization of the line was projected over 28 years. He projected the 1985 price of Alaskan gas at about \$5 to \$6 per mcf. Nor did he envisage undue delay or capital costs due to environmental difficulties, but he admitted that the Yukon was a new area. He referred to the role of the Northern Pipeline Agency in helping the company deal with environmental problems.

The administrator of the Northern Pipeline Agency reviewed for the Group the Agency's regulatory aspects and its activities in procurement, in engineering, in manpower and in environmental plans in preparation for the pipeline. The Agency's target for Canadian procurement for the Canadian portion of the line was 90 per cent. He estimated the Canadian Agency was perhaps 15 months ahead of its U.S. counterpart. The appointment of a U.S. administrator in July 1979 was expected to speed up the American procedures.

Discussion on the pipeline, the prebuild and financing question continued in plenary after departure of the Foothills executives and some additional points on these subjects were covered separately in the energy committee discussions. In general, these discussions were marked by an impatience on the American side that Canada get the prebuild under construction and by an insistence on the Canadian side that there must be adequate assurance the rest of the Alaska line would be built.

A Canadian spokesman pointed out that bilateral relations between the two countries would be affected if the massive joint Alaska gas pipeline project were not implemented. However, it was heartening to see that the American Congressional and regulatory processes had recently speeded up. There were advantages to Canada in seeing that the United States had



access to its Alaskan gas so as to alleviate future demands on Canadian gas and Canada gained considerable through-put revenues and employment benefits as well. Environmentalists failed to recognize that Canada was merely "piggy-backing" the gas to the United States, he said. Canada considered that the prebuild should be a first step in the completion of the line. While the amortizing period for the full pipeline is 28 years, prebuild exports are projected for 12 years and the financial markets will not become involved unless it is certain the whole line will be built. He urged that the outstanding decisions be made so the companies can go to the private financial markets and the whole project can get underway.

It was reiterated by a number of Canadian delegates that if the prebuild section were constructed and the relatively less expensive Alberta gas exported to U.S. markets, Canada was concerned that the rest of the northern portion line from Alaska might be abandoned or greatly delayed. "If we prebuild and you get our gas, you may never get your gas out of Alaska" one Canadian delegate said. Another Canadian made the point that the former U.S. Energy Secretary, Mr. Schlesinger, had stated that the United States wanted to have additional Alberta gas only if it facilitated the construction of the Alaska Highway project. But a U.S. Senator stated that this statement by the Administration had not been approved by Congress. An Alaskan Senator admitted that the price of Alaskan gas would be high and wondered if liquified natural gas, (LNG) would not have been a better method. But he said he still did not understand why Canada did not go ahead with the prebuild even without the whole financing in place. The prebuild would generate more funds for exploration and discovery of additional gas in Canada, and in any case, Alaskan gas would eventually be delivered regardless of cost because of the U.S. policy toward energy self-sufficiency. The Alaskan Senator suggested that Canada might ask the U.S. government to guarantee the \$1 billion cost of the prebuild but others on the U.S. side said they did not agree with this suggestion.

The question of loans or bonds from the companies or from the State of Alaska as a guarantee against overruns was raised. The Alaskan Senator wondered whether the Administration was right in looking to the producing companies to finance the conditioning plants and to grant loans for overruns when at the same time it had just recently proposed to tax the companies' windfall profits severely.

A Canadian participant from B.C. warned that because of B.C. Hydro's financial structures, there was a growing feeling in the province against external hydro demands. Hydro export licences were up for review and there was the possibility of electricity export cut-backs, making the nearby United States markets more dependent on gas. Another Canadian participant made the point that the prebuild could serve as an incentive to get Canadian gas out of the Beaufort Sea.

#### *Additional Exports of Canadian Gas*

Prior to the plenary discussion on the pipeline, the energy committee discussed what additional Canadian gas exports to

the United States were available and at what price. A Canadian delegate stated that while the National Energy Board had reported in February 1979 that 2 trillion cubic feet (tcf) of gas were available for export, this figure was disputed as being far too low by producing companies who considered that 9 tcf would be a more realistic figure and were making such a proposal to the National Energy Board. The Alberta regulatory agency had concluded that over 5 tcf were available although this was for domestic as well as export use. It was considered likely that the NEB would revise its estimates of available gas reserves upwards in the fall. However, the point was made clearly that before any consideration is given to additional gas exports, long-term Canadian needs had to be protected; balance of payments concerns were secondary.

The Canadian spokesman referred to the current NEB hearings on new applications for gas export and also applications for the extension of existing licenses due to expire. He noted that if the NEB authorized a substantial level of additional exports, then, depending on the size of these exports, extra new facilities may be needed even if the prebuild facility is constructed.

United States delegates pointed out that the U.S. regulatory authority had given its approval for increased Canadian imports but current Canadian gas exports are below previously authorized levels and below those of previous years. The present price of Canadian gas was cited as one reason for this decrease. Also, there is a temporary gas surplus in the United States today. Two American Senators mentioned that U.S. policy had been to discourage the use of gas by massive industrial users, although there had been more recent modification of this policy to encourage home use. Moreover, coal conversion into gas runs into air quality problems, but they thought that the American air quality standards were too high and the energy shortage would force changes.

The export price of Canadian gas, which has risen sharply since 1974, became a controversial topic in the discussion. Dissatisfaction over the Canadian pricing policy for gas exports was expressed by a number of U.S. delegates and one objected that the higher export price amounted to a discriminatory tax on the United States. The United States, he said, did not utilize such a tax in its coal exports to Canada. He questioned the appropriateness of the United States, in effect, subsidizing the Canadian Treasury. Would Canada put an export tax on us when the price of Canadian oil reached the world price in order to maintain the domestic and export price differential, he asked? While he thought the higher export price for gas might assist the financing of the pipeline, it would at the same time, exacerbate inflation in both countries. Another United States Senator pointed out that some American midwest states, for example, Idaho, were extremely dependent on Canadian gas where it was used mainly for home heating. Reference was also made by an American to the existing long-term export contracts with the lower prices which had been raised by Canada during the term of the contract. A Canadian delegate explained that the Canadian domestic price

of gas is based on 85 per cent of the Btu equivalent of the price of domestic crude oil. On the other hand, the export price for Canadian gas, which rose to \$2.80 per million Btu during the week of the meetings, is determined on the basis of the replacement cost of imported crude oil at world prices, adjusted for the gas transmission costs. The royalty structure was also explained whereby the producing province got 35 to 40 per cent of the gross selling price and the federal government gets 30 per cent. One Canadian noted that as gas discoveries increase, there will be increased incentive to use more gas domestically. The policy of a lower domestic gas price encouraged this conversion. Doubt was expressed that the higher gas prices would necessarily assist the financing of gas pipelines. As for the existing contracts, a Canadian Senator explained that they had always included provisions that the export price charged by Canada should be competitive with other forms of energy. Canada, he said, was faced with a geographic problem. It could not subsidize mid-west American citizens by charging them less for exported gas than the Canadians in the Maritimes had to pay for imported oil. The same principle applied to oil pricing. The oil export tax helped to subsidize eastern Canada, which was dependent on imported oil, from the full brunt of OPEC prices. There was an obvious misunderstanding, the United States thinks Canada is gouging them but all sorts of countries have certain areas where some form of subsidization is going on.

When an American delegate asked whether additional gas would be in the form of direct sales or swaps, Canadian delegates replied it would be more likely in direct sales since both sides had found it very difficult to work out a feasible swap arrangement.

An Alberta participant pointed out that Alberta producers are anxious to export as they are sitting on large inventories of gas which they can ill afford to carry and this leads to serious cash flow problems for many small producers. The producers were confident that there were much larger reserves available than the NEB had calculated. But there were no facilities in place to take additional exports although it was evident the Trans-Canada system could be expanded. Resulting contracts could be for as much as 10 years. On this point, an American Senator asked why the contracts for Alberta gas exports being discussed were for so short a term as 5 years. He stated that the United States would need a longer term assurance of supply. A Canadian delegate said that the short term contracts could be construed as incentives to get the Alaska gas line built. "Just what I thought" replied the Senator.

The idea of taking Alberta gas through a proposed Quebec and Maritime line to the U.S. northeast was also raised by a Canadian participant who asked the United States delegates if they thought it would be a feasible route. The U.S. reaction was that such a delivery system made little economic sense when Alberta gas could more easily tie into transmission lines across the Ontario border at Niagara Falls and thence east to Boston rather than going all the way around through the Maritimes.

### *Oil Supply*

Underlying the Committee's discussions on oil supply was the stated awareness on both sides of the prospect of a real crisis by the 1990's as world consumption figures continued to grow at a faster rate than production. At the same time there was a parallel recognition of the need for restraint and for measures to lessen the dependence on OPEC. A Canadian participant spoke of the variety of Canadian conservation efforts, the tar sands extraction plants in operation and the recent Canadian commitment to two new tar sands plants. He urged the United States to step up conservation and to take other measures to reach energy self-sufficiency. A U.S. participant stated that the American conservation program was at last starting to show results, that large strides in R & D have been taken in the oil shale industry, in the treatment of coal and that a synthetic fuel program had already been adopted. However, he said the U.S. 1985 self-sufficiency goal would realistically need to be extended a little.

It was against this background that several Congressmen broached the idea of a continental energy policy or a common energy market involving Canada, United States and Mexico which touched off a lively exchange of views. A Congressman who had a resolution before Congress on this subject elaborated on the idea suggesting that there should be a summit meeting of the Presidents of the United States and Mexico and the Prime Minister of Canada to discuss energy issues principally, although he recognized that other issues could be discussed as well. As an example of the sort of cooperation he foresaw, he cited Mexico which is seeking to develop industrially with the money it earns from resources. In such a cooperative energy arrangement, the United States would ask Mexico what it could do to help Mexico attain its objectives—in technology, etc. As for Canada, what did it need? distribution facilities? more refinery capacity? In international discussions this delegate said, the three countries would be considered as a North American unit.

An American Senator pursued the idea of the sharing of technology in a continental energy cooperation arrangement and emphasized the need for increased recovery rates on existing wells. He forecast that tertiary recovery methods of oil in the ground would yield tremendous new oil reserves. Even if only 10 per cent of the 300 billion barrels still in the ground were recoverable this would be equal to three Prudhoe Bay yields. The increased price of gas would help speed this process. In his opinion, the United States was not looking at Canadian reserves. To him, he said, a continental energy policy meant a melding of the energy transportation mechanisms. It was wasteful to ship Alaska oil all around the south of South America or through the Panama Canal when distribution could more economically go to the nearest consumer through a substitution of supply system. This participant also considered it was necessary to stimulate a reconsideration of the Clean Air Act to make it less stringent.

The Canadian response to the continental energy proposal was decidedly negative. One Canadian participant stated that



Canada had no energy to share although it was more than ready to share technologies. A Canadian Senator sought to explain why the Canadian reaction to the phrases "continental energy policy" or "North American common energy market" was strongly negative. Canadians were not prepared to pool their limited energy resources with the American giant who would be perceived as a threat to drain them all. The word "continentalism" had come to have unpleasant connotations in Canada and although it might seem to be a question of semantics, any American proposal should use and emphasize the word "co-operation". This approach was supported by other Canadian delegates who reiterated to the American side that a proposal for a continental or common energy policy would be impossible in those terms.

An Alberta MP considered that each country should look after its own energy problem. The control wielded by OPEC must be replaced by a "cap" price. He said Canada must save 700,000 barrels of oil a day by 1985 to be achieved through price mechanisms which allow oil sands development to become economic. He was not overly optimistic about how much oil could be recovered by the tertiary techniques spoken of earlier. Oil, gas, nuclear power and coal would likely be, in the next 10 years, the main sources. Likely new developments in Alberta and Saskatchewan will be costly to upgrade. Although there were huge quantities of coal, this participant doubted that there would be enough water to process it, considering that it takes 1 ton of coal and 1 ton of water to equal 1 barrel of oil. An American Senator also emphasized the need to reduce dependence on OPEC but he suggested that nuclear power plants were going to be a very important factor. In addition to the acknowledged need for restraint, a U.S. Congressman was optimistic that the billions of dollars committed by the United States to new developments including synthetics would eventually pay off. He voiced his scepticism of a pre-eminent position for nuclear power in view of the additional costs involved in waste disposal plants and in new plants. In view of the Canadian concerns regarding continentalism, this Congressman thought the wording of the U.S. resolution would have to be changed.

Emphasizing Canadian efforts to attain self-sufficiency, a Canadian participant stated that Canada had spent or was committing \$15 billion to the tar sands developments of which \$3 billion had gone into the two plants already in operation and \$12 billion would go to the two newly-announced Allsands and Cold Lake developments. He pointed out that in parallel terms, in the United States, this would mean a commitment of \$150 billion. An American Senator replied that he accepted the Canadian criticism as justified. There were suspicions on both sides he said. For their part the Americans were suspicious that Canada wanted the United States to develop and pay for Canadian energy.

#### *Transportation of Alaskan Oil*

The alternative Canadian routes to bring Alaskan oil to U.S. markets—Kitimat, Trans-Mountain and Foothills—were reviewed by a Canadian Senator. He noted that the relative

merits of Canadian proposals were to be considered shortly by the NEB and that President Carter was currently looking at the options, including the Northern Tier line and was due to indicate his preference before the end of the year.

While Kitimat was currently being revived despite its earlier rejection by the Canadian government, he said, the recent negative reaction to this route by Mr. Fraser, the new environment minister indicated it would continue to be opposed by the government. Nor was the reversal of the Trans-Mountain route without problems, mainly the difficulty of bringing increased supply of oil into Puget Sound, although a recent suggestion had been made to supply all crude requirements to these Puget Sound refineries by oil piped from a new oil port at Port Angeles on the outside coast. The spokesman said that the original Foothills proposal, by tanker from Valdez to Skagway and from there by pipeline paralleling the Alaskan Highway from Whitehorse to Edmonton, was to be replaced by a modified all-land route which would take oil directly from the Alyeska line at Delta Junction near Fairbanks and bring it over land to Whitehorse, down to Edmonton and on to U.S. markets. (In fact, this new Foothills' application was made public the day of the meeting.) This delegate pointed out that it would be important to determine if there were sufficient Alaskan oil production since Foothills needed 450,000 barrels per day (bpd) to justify this route and, unlike the earlier Skagway proposal, the new overland line would be entirely dependent on North Slope crude. He suggested that the new Foothills application merited serious consideration by the United States.

Commenting on the future supply of Alaskan oil, an Alaskan Senator was very optimistic. At present the flow on the Alaskan line is 1.2 million bpd but this would rise to 2 million bpd. Several other good oil discoveries on the North Slope or in the sedimentary basin of the Beaufort Sea were probable although he recognized it was unlikely any single discovery would equal the 9-billion-barrel Prudhoe Bay find. This delegate considered the Northern Tier proposal a good one while recognizing there would be some environmental roadblocks concerning an oil port at Port Angeles. Foothills also appeared to have a pretty good new proposal although it could result in considerable environmental delays and it would have only a limited pipe capacity from Edmonton, which would leave Alaska with a surplus production. Furthermore, it would mean the lower portion of the Alyeska line to Valdez would be underutilized. Nevertheless the Senator considered that a new transportation line could encourage exploration and discoveries. He concluded that perhaps Foothills and Northern Tier were both needed, with Foothills substituting for the defunct Sohio proposal.

An American Congressman from the State of Washington expressed his impatience at the current confused situation of oil pipelines. Both the Sohio line and the Trans-Mountain line were currently underutilized, so why build new lines he asked? The Northern Tier proposal would need 80,000 bpd to justify its construction whereas there would be about 400,000 bpd

available at present of which only a portion was Alaskan crude, the remainder coming from off-shore. Since the Carter policy was to reduce oil imports, this route would seem to have no future. Moreover, considerable opposition existed both in Washington State and British Columbia in regard to oil spills in the delicate inland water area and any oil port decision in the United States, including Port Angeles, was bound to encounter serious delays. He himself favoured proposals which would hook up Edmonton, the Trans-Mountain and Anacortes lines. If Alaskan oil capacity increased substantially, then Foothill's new proposal might prove to be the most feasible route and worth the extra cost. He thought it also made sense for the two countries to try to work out an exchange system in view of Canada's oil requirements in the east furnished through Portland, Maine and the American needs along the mid-west border area.

There was a brief discussion of the various reasons why the Sohio project had failed and several U.S. participants were of the opinion that a real possibility existed for the Sohio line to be revived.

It was pointed out by two American Senators from affected border areas that refineries in border states preferred Canadian crude to the heavier Alaskan crude scheduled to be provided by the Northern Tier line. Moreover, one Senator asserted, the Northern Tier proposal would inevitably arouse environmental concerns in his state. Two western Canadian delegates voiced their support for the Foothills proposal, one of them expressing optimism that future Beaufort Sea discoveries would produce sufficient oil to support the Foothills plan. A Congressman cautioned that Foothills would do well to obtain assurances that the north western U.S. refineries would accept the heavier North Slope crude.

Finally, a number of American participants made the point that unless the Canadian government pronounced favourably for a particular Canadian line, the President was almost certain to designate the Northern Tier route. He could scarcely designate a Canadian route. In response, Canadian delegates asked what Canada could do, in effect, except make a tentative statement that when the United States had proved new Alaskan oil, Canada could offer a transportation link to the lower 48 states. If there are no indications from the United States that it is interested in a particular route, assurances by the Canadian government regarding environmental procedures could hardly be given. On this point a Canadian participant told the U.S. delegates that the Canadian regulatory process was likely to prove less of a stumbling block than the American system and he forecast that the major difficulty in the Foothills project could well be from Delta to the Yukon border.

#### *Strategic Petroleum Storage*

A Canadian Senator raised the question of the storage of U.S. strategic petroleum reserves in Canadian territory. He reviewed the factual details. Two Canadian companies had responded to the U.S. Department of Energy's invitation to bid

on the establishment of storage facilities. These proposed facilities were an abandoned iron mine at Bell Island, Newfoundland and a salt dome on Cape Breton Island. The installations would be owned by the companies and rented to the United States. A bilateral agreement would be necessary to ensure the United States security of access, avoidance of any tariff, etc. The Canadian spokesman emphasized that Canada would welcome the opportunity to provide this storage, that a transportation facility at least at Bell Island would be no problem and that technology involving storage in salt domes already exists in western Canada. The facilities would both be very accessible for the needs of the highly populated U.S. north-east. However, in view of the fact that a government procurement contract would be involved, the Canadian spokesman asked his U.S. Senatorial and Congressional counterparts what congressional reactions and congressional obstacles the Canadian companies could expect to meet. Would Congress have any objection in principle to having U.S. oil stored in Canada if the Canadian companies bids proved to be competitive? He mentioned the fact that Canadian exporters were frequently frustrated in their competitively priced sales to the United States by U.S. procurement practices originating in congressional attitudes and by the provisions of the Buy America Act. How effective would the American lobbyists be in this situation?

A Congressman's initial reaction was that he doubted a Canadian storage project would get through the Senate Armed Services Committee due to "plain domestic political reasons." But a Senator on the energy committee considered it might be a "politically saleable" proposition, and he would like to take a closer look at it. He agreed that approval by the U.S. Defense Department would assist the project but he doubted that the geographic proximity of the storage sites to New England would be very useful since there were no refineries there to refine the stored crude. However a Congressman stated there would be a large group of voters in the area who would be favourable to the thought of having access to nearby secure supplies and a Canadian member from the Maritimes reminded the group that eastern Canada has considerable refining over-capacity. But would Canada have any difficulty in committing Canadian refining capacity to the U.S. market in times of emergency the Senator enquired. Another Congressman mentioned that the United States had had an uncontrollable fire of oil in a salt dome reserve and obviously some arrangements would need to be devised to protect the reserve. U.S. delegates from both the House and the Senate agreed there should be a closer examination of this project in the right committees in both the House and the Senate. A Congressman pointed out that Canada might have to do some lobbying itself.

#### *Future Technologies in the Energy Field*

In the discussion on future energy technologies, the two delegations compared notes as to the various programs and progress in their countries. A Canadian delegate made the following points: Canada considers itself relatively advanced in the tar sands/heavy oil technology where it is spending \$20



million a year; there is great potential for enormous savings by increasing oil conservation technology—an example was a pilot building in Calgary which has no power plant and has reduced costs by 66 per cent by collecting heat from bodies, electric lights and through windows and storing it in a 2 million gallon storage tank and by burning trash at night. A new house, properly constructed, can save up to 90 per cent of heating costs; in the renewable energy field, there is some small progress in Canada with the use of biomass, the use of gasohol and the use of solar energy. The Canadian gas industry considers the estimates of the large reserves of tight gas in western Canada to be exaggerated. In addition, it is difficult to release and involves enormously expensive technology. Canada has no significant fusion energy program as yet.

Various members of the American delegation told the Canadian side that the new U.S. emphasis on the production of synthetic fuel production from shale was long overdue but immensely costly; solar energy has recently become a high profile potential source in the United States, the technology for it is available, enormous funds are being spent on solar R & D but it will probably only be a back-up system and very costly; the United States is spending a lot on fusion technology. Several members expressed the opinion that the American press's exaggerated coverage of the Three Mile Island incident had unduly alarmed the public over radioactive dangers, slowing the development of both fission and fusion technologies.

A Canadian participant expressed the viewpoint that more emphasis should be placed on solar energy technology and he hoped the United States would make a commitment to this form of energy similar to its earlier man-on-the-moon commitment. As for fusion, he mentioned the possibility that the United States might examine a move by Canada and U.S. scientists to have the International Fusion Research Centre located in Canada since the U.S.S.R. would never support its location in the United States because of fears of military application. A note of caution was sounded by a Canadian member who thought that advanced technologies should also be applied to getting at the reserves of conventional fuels while moving ahead at a reasonable pace in the various future energy field. Further, he thought that the technology for coal liquefaction was one which could be profitably developed.

### *Electricity*

In discussing bilateral electricity questions, a Canadian Senator said it was important to keep in mind that production and sale of electricity was in the hands of local/provincial authorities in Canada in contrast to the United States where it was frequently in the private sector. Canadian-American two-way trade in electrical energy in 1978 resulted in a surplus for Canada of \$479 million, he continued. There are good possibilities for increasing this exchange of electricity along the border, a development which led to lower unit costs. The Mandan project involving Manitoba, the Dakotas and Nebraska was a case in point. Manitoba, with 99 per cent of its electrical power generated by water, had peak demands in winter whereas Nebraska had heavy summer demands. Cur-

rently the plan to wheel electricity to Nebraska had run into some problems with the intervening regulatory agencies particularly in North Dakota. A U.S. Nebraskan Senator was pleased to hear there was no hesitation or reluctance on the Canadian side for this project and said he would look into the question further. In his opinion, it made excellent sense to facilitate and encourage such exchanges.

Another bilateral electrical plan, the Taiya or Dyea Project between the Yukon and Alaska was also discussed. As a Canadian Senator explained, the idea was to divert the headwaters of the Yukon River, raising by only a few feet the level of water in a large natural storage basin and then creating an outlet down to the Panhandle which would mean a vertical drop of 2000' near Skagway. An investigation into the market possibilities for the enormous quantity of power which would be generated concluded that at present there was no market for such a development. The project appears to have been temporarily shelved.

### *Nuclear Issues*

A U.S. Senator, who characterized himself as being "strongly pro-nuclear and therefore probably not typical", said he did not agree with President Carter's opposition to reprocessing on a commercial basis and his emphasis on R & D breeder projects only. Congress had in fact voted to go ahead with a breeder reactor demonstration project. France, he noted wryly, is delighted by Carter's policy since it leaves them as the only suppliers in the field and the Chinese have already bought the process from France. He ascribed the current objections to reprocessing to the exaggerated dangers seen in the Three-Mile-Island accident. Another overstated hazard was the problem of long-term storage of spent fuel rods from conventional nuclear operations. They are now stored in pools of water but canisters in salt domes in Mexico or in granite near Las Vegas were being examined. This spokesman thought the rods should be reprocessed rather than stored. Congress has asked for a debate on this whole question when the INFCE study is completed.

Pointing to differences in the Canadian nuclear scene, a Canadian delegate noted that no nuclear plant construction had been delayed in Canada by public pressure. Since the CANDU system "runs cool" in contrast to the U.S. enriched uranium system, Canadian technicians were confident a Three-Mile-Island accident could not happen in Canadian plants. Also, since government agencies controlled nuclear plants, the potential for adversary relations with the public was muted. The Canadian government considers nuclear plants are a safe source of electricity. At present, there were 11 units operating in Canada and by 1988 there would be 25 units producing 15,000 megawatts. CANDU reactors are provided with a spent fuel storage capacity of 8 to 10 years and Canada is also examining methods of future waste disposal.

The U.S. Senator emphasized that with a good reprocessing system, the balance of the fuel is used in the breeder reactor, reducing to a very small package the long-life elements which

need disposal. He admitted that a real challenge remained to find an absolutely safe method for storage and to set standards for sites chosen.

The dangers of nuclear proliferation were mentioned with the Canadian spokesman noting the stringent safeguards which Canada attaches to its sale of uranium. The U.S. Senator pointed to Pakistan and Libya as two areas of proliferation concern. Why was Libya buying 100 tons of uranium, he asked.

Another Canadian M.P., while agreeing that nuclear reactors would constitute a major source of energy, warned that there was a real problem connected with the "Jane Fonda

syndrome." In all western industrialized countries, individuals perceived a real threat and were frightened. How should the western democracies cope with this reaction? Was it effective to hold public inquiries and attempt to educate the public to the detailed facts? He foresaw major difficulties ahead in this respect.

### *Energy Conservation*

There was no formal discussion of this agenda item as it had been dealt with under various agenda items as they came up including oil supply questions and future technologies programs.



### COMMITTEE III—ENVIRONMENTAL AND FISHERIES ISSUES

1. East coast fisheries and boundaries agreements
2. Fisheries trade
3. Air quality—including acid rain, Cornwall Island, Atikokan and Poplar River
4. Role of the International Joint Commission
5. The disposal of toxic wastes
6. Great Lakes, including water quality and levels and extension of the navigation season
7. The Garrison Diversion
8. Seabed mining
9. West coast issues, including Beaufort Sea, Bowhead whale, tanker routes, halibut fisheries, the albacore tuna and salmon negotiations.

#### *East Coast Fisheries and Boundaries Agreements*

The Chairman of the Canadian group in Committee III opened the discussion by stating the Canadian concern that the U.S. Senate may refuse to ratify the Fisheries and Boundaries Agreements because of a tendency to acquiesce in the view of Senators from the immediately affected East Coast states where opposition from fisheries groups is on the rise. He stressed two points to the American delegation: first that there was opposition to the treaty from some Canadian fishermen as well who see the agreement as giving away a great deal; but, secondly, that the Canadian government continues to support it as the best agreement possible in the larger national interest. He expressed the hope that the United States Senate would also place the issue in the larger context of Canada-U.S. relations. He then asked a Canadian delegate from the Maritimes to describe his concerns.

The Canadian delegate noted the long fishing tradition in the Maritimes and the very heavy dependence of the region on that industry. He described Canadian east coast fishermen as having accepted in the Agreement a smaller take—especially of scallops—in favour of better long term development of the stock. In deciding on fair quotas, he argued that it was necessary to consider actual not anticipated catch and, by that measure over the past decade, Canada had gone more than half way in the Agreement.

The Chairman of the U.S. group observed that no agreement satisfies everyone. He added that while it was the Senate's responsibility to ratify the Agreement, the House of Representatives and in particular its Merchant Marine and Fisheries Committee would examine them as well for their conformity to other U.S. legislation such as the Fisheries Management and Conservation Act. He acknowledged the danger of "parochial interests" determining the outcome on the issue.

An American Senator from a New England state observed that while the Agreements had been submitted to the Senate on May 3, he foresaw no action on them before the end of the year because of the Foreign Relations Committee's preoccupation with the SALT II Agreement. He then went on to

describe the mounting opposition from east coast fishermen. The main criticism, he noted, was directed at the quotas set for scallops. U.S. fishermen argue that prior to 1960 they had done very well in this industry but then heavily subsidized Canadian scallop fishermen had substantially increased their take. He reported the view—without necessarily agreeing with it—that 27¢ out of every dollar of Canadian production came from public subsidies and that the Agreement would base quotas on the period when the Canadian take was high and before the period when Americans began to do better as the result of substantial private investment. Turning to the politics of the Agreement he reported that Senator Muskie was in favour and Senator Kennedy "not opposed but in favour of amendments". He noted that Maine fishermen were less involved than others in the scallop trade and that the feeling among scallop fishermen was that their interests were being traded away for an agreement on boundaries which most concerned Maine. He concluded that while the U.S. Administration strongly supported the Agreements and would fight for ratification, there was "some heavy weather ahead".

A Canadian delegate questioned the argument that the Canadian fishing industry is more heavily subsidized than the American by observing that while Canadian subsidies are explicitly provided by various federal government programs, many U.S. subsidies are provided at the state and local level where they are not identified as subsidies to that industry. The leading American discussant replied that this was certainly not the case in his State and was unaware of such subsidies in other States "most of which are broke".

He then inquired what the Canadian position was on amendment to the Agreement. A Canadian participant replied that Canada saw itself as having already made significant concessions to arrive at the Agreements and that the Fisheries and Boundaries Agreements were closely linked together. The main Canadian participant repeated the point that Canadian fishermen had to swallow hard to accept the Agreements. He acknowledged that boat costs were higher in Canada than in the U.S. but that serious efforts were being made to bring these down and not simply hide them with subsidies. He then made the point that whereas Canadian fishermen were being "rationed" by federal quotas, no such quotas were being set or applied in the United States. An American delegate replied that that was no longer the case, that U.S. quotas had been applied and enforced for the past two years. Another American delegate reinforced the point that the Management Councils set up by the Fisheries Management and Conservation Act were federal bodies, albeit with local participation, and that they had the power to establish a conservation and management régime.

#### *Fisheries Trade*

There was a short exchange on the matter of fisheries trade in general. The Canadian delegate from the Maritimes led off by noting that Canada now exports roughly a million tons of fish a year and hopes to increase that figure by 50 per cent. He observed that while the United States was the major market

for Canadian fish exports, he had been warned of American plans to substantially reduce this. The American delegate from an east coast state replied that in his view this was "only a grumbling point" in the United States and that under the latest GATT agreement he did not foresee any changes to worry Canadians. He said that the United States was "pretty well strapped in" under the GATT. As regards countervail duties he said that it was now clear that the United States had the common obligation to issue warnings to exporting countries and to abide by bilaterally acceptable injuries tests before taking any action.

### *Air Quality* *Acid Rain*

The Canadian spokesman on this subject described acid rain as a rapidly emerging major issue and one which is receiving serious and commendable attention from the new Canadian government. He noted also that provincial cooperation was being sought and obtained. He described the problem as originating mainly from sulphur dioxide pollution by coal burning power plants in the United States and smelters in Canada. The transborder aspect of the problem was that the United States was sending about 4 million tons per year into Canada—roughly equal to Canadian domestic emissions—and Canada was sending roughly one-quarter that amount into the United States. He cited evidence that some 148 lakes in Ontario have already been "killed" by acid rain and an additional 48,000 were considered threatened. He suggested that there was good reason to believe—though not as yet proof—that the damage caused by acid rain extends beyond water degradation and the killing of fish to include the retardation of forest growth. Given the importance of the Canadian forestry industry, that was a serious problem indeed.

A Canadian delegate pointed to his own resort area of Muskoka in Ontario as an example of the problem. While the waters in area lakes were still suitable for swimming and boating the fish populations were dying off with serious consequences for tourism. He noted that it had been assumed earlier that the problem in the region originated with the "monster in Sudbury" (the nickel smelters) but that research revealed that most of those emissions drifted eastward into Quebec and that in fact much of Muskoka's problem came from the United States.

An American delegate from the northwest observed that the United States now has higher emission control standards than Canada and that Canadian sources were polluting badly across the border. He added that new technologies for the use of coal would greatly reduce the problem over the next ten years. A Canadian delegate acknowledged that Canada certainly had to clean up its act and suggested that recent government statements indicated that it intended to do so. He went on to say that while Canadian emission standards on new plants were not as high as those in the United States, Canada produced only a fraction of the pollution. The American co-chairman of Committee III summed up the discussion to that point by observing that both countries recognize the problem and that

the reference to a Bilateral Research Consultative Group would help in establishing mutually acceptable measurement techniques "so vital in an issue like this".

An American delegate expressed puzzlement at one aspect of the problem, namely the phenomenon of "dead lakes" which he said he had never heard of in the United States. Moreover he could not imagine a lake that would not restore itself over a period of years after the source of pollution had been eliminated. A Canadian delegate explained that the geology of the Canadian Shield made its lakes highly susceptible to acidification and that it was the entire drainage system of lakes which was affected. Research had shown that acid rain causes a leaching of heavy metals, including mercury, out of the soil and into the lakes from which they are virtually irremovable. The American delegate acknowledged that was indeed a serious problem.

The Canadian co-chairman wound up this portion of the discussion by inquiring about the prospect for an Air Quality Agreement comparable to the Water Quality Agreement. The American co-chairman replied that if the report of the Bilateral Research Consultative Group was "reasonable" the United States would implement the recommendations.

The discussion then turned briefly to the current political atmosphere in the United States regarding environmental issues in general. Several American participants acknowledged that there was a growing shift away from environmental concerns in favour of such things as energy and economic growth and that, in the words of one of them, there "could be a drastic cutback in environmental gains". He went on to suggest that if Canada wanted the U.S. to "hold the line" it would itself come up to current U.S. standards. A frequently heard argument, particularly in the border states, was that the U.S. puts itself at a disadvantage by having higher environmental standards than its neighbour—and competitor—to the north.

### *Cornwall Island*

A Canadian delegate whose constituency borders on Cornwall Island described the very great concern among the Indian people of the island about flouride pollution from the Reynolds Aluminum Plant at Massena, New York. He said that he personally shared their feeling that the problem was not receiving the attention it deserved especially from the American authorities. He argued that the unique position of the St. Regis reserve, located as it was in Canadian and American territory, established clear responsibility for this problem with both the Canadian and U.S. governments. An American delegate from New York State suggested that the State government was responsible for health issues and the Canadians should press the issue at that level. The Canadian participant replied that when an issue had transborder implications—as this one did—national governments were obliged to play a role. The American delegate acknowledged this point and said that he would follow up the issue with appropriate federal agencies.



### Atikokan

The issue of anticipated pollution in the Boundary Waters Canoe Area in Minnesota from a proposed coal-fired electric generating plant in Atikokan, Ontario received brief attention. The Canadian spokesman suggested that the problem was being solved by the scaling down of the plant and by the likelihood that it would be built to higher emission control standards. The American co-chairman commented that the issue was apparently being resolved.

### Poplar River

The Canadian co-chairman inquired whether the issue of the power project on the Canadian side of the border near Coronach, Saskatchewan was of concern to the American delegation. The American co-chairman replied that he was satisfied with the reference of the issue to the International Joint Commission and that it was not a major problem.

### *Role of the International Joint Commission*

A short discussion of the IJC was prompted by an American delegate's request for information, saying that he knew virtually nothing about the Commission. A Canadian participant outlined briefly its history and described its mandate as being restricted in three respects: first to deal only with transboundary water issues, second to examine only issues referred to it jointly by the Governments of Canada and the U.S., and finally to make recommendations which were left to be implemented—or not—by the two governments. He noted that with the exception of two early decisions the IJC had issued only unanimous reports and that in the opinion of most observers—and the Canadian government—it was a highly competent and credible organization. An American delegate remarked that unanimous decisions were not necessarily a good thing since they might indicate the ducking of tough issues or the seeking of lowest common denominators in disputes. Two Canadian delegates replied that this was certainly not true of the IJC but another added that unfortunately there had been some decline in recent years in the willingness of governments to heed the recommendations of the Commission.

### *The Disposal of Toxic Wastes*

A Canadian spokesman began the brief exchange on this subject by observing that transborder movement of PCBs and other toxic wastes was not a major problem; however, he did note the U.S. concern about disposing of Canadian wastes—particularly PCBs—in American facilities. In response to a question from an American participant he acknowledged that the problem, except in its transborder respect, was a provincial responsibility in Canada.

The American co-chairman noted that Canada had sought and obtained an exemption until June 1980 from the Environmental Protection Agency's new regulations on waste disposal in the U.S. but observed that both countries seemed seized of the problem and were cooperating in its solution. An American participant from upstate New York added a note of inquiry to the discussions by observing that his area received a good deal

of toxic waste from Canada. He added that while 1976 U.S. legislation covered the handling of future wastes, it had not dealt with the enormous problem of abandoned sites. However, he remarked that several bills had recently been introduced in Congress to meet this problem. In light of the one year exemption of Canada from the EPA regulations he inquired what progress was being made in Canada.

A Canadian discussant replied that a waste disposal site had been established in Montreal and that interesting experiments were underway on the possible disposal of PCBs by their use as a fuel in cement plants. Given these developments he suggested that it was unlikely Canada would request any exemption from EPA regulations beyond mid-1980.

### *The Great Lakes Water Quality*

The Canadian co-chairman remarked that Canada was reasonably satisfied with the progress in implementing the Great Lakes Water Quality Agreement. Another Canadian observed that there was still pronounced concern about Lake Erie but that, in general, the agreement was working well. He inquired about the problem of the Love Canal, a chemical land-fill area in Niagara Falls, New York from which some 250 families had been forced to evacuate their homes in August 1978.

The American participant, whose Congressional District includes the Love Canal, briefly described the history of the problem. He said that there were suspicions but as yet no proof that the chemical wastes are contaminating the Great Lakes through seepage into the nearby Niagara River. He went on to say that there were an estimated one to two thousand similar sites scattered throughout the United States and that governments were only beginning to grapple with the problem.

The American co-chairman concludes this discussion by observing that both countries seem satisfied with the Great Lakes Water Quality Agreement and that its targets were being met.

### *Water Levels*

The Canadian co-chairman opened the very brief discussion of this item by remarking that the IJC had developed a general system of management for Great Lakes levels and inquired whether there were any special American concerns. The American delegate from the Great Lakes region commented that considering the many conflicting interests the IJC was doing an admirable job. Another American participant noted the "perennial problem" of the Chicago diversion and agreed with a Canadian remark that common sense and cooperation were the essential elements in handling the matter.

### *Extension of the Navigation Season on the St. Lawrence Seaway*

A Canadian delegate described various proposals for extending the navigation season and reported that the main technical obstacle was ice formations interfering with stream flow. An American commented that Canada, with its huge grain exports, was probably more interested than the United States

in these proposals but it was pointed out by a Canadian that cost benefit analysis showed that only the proposal for full 24 hour day traffic during the present 8 1/2 month season made economic sense to Canada. The American delegate from upstate New York described himself as "ambivalent" on the issue of extending the season but expressed interest in the "full day" proposal.

#### *The Garrison Diversion*

There was an intense half-hour exchange on the Garrison Diversion Project involving principally Canadian and American delegates from the areas directly concerned.

The Canadian spokesman opened the discussion by asking whether it was still the intention to proceed with the entire project of 250,000 acres despite a critical report by the International Joint Commission. The American Congressman from North Dakota replied that the major benefits of the project would be realized only if the full 250,000 acres were developed. He observed that the IJC had recommended only that the project be delayed until a number of questions were answered. He went on to say that the "rumours and suspicions" of environmental damage put out by "environmental zealots" had failed to convince the supporters of the project. On the contrary, they were convinced that on balance the project would benefit the rivers in the area, including those in Canada, through the enhancement of stream flow.

The Canadian spokesman asked why if water quality was to be enhanced, the United States did not keep it all on its side of the border? The American spokesman replied that North Dakota would do just that if it were possible because seasonal irregularity in stream flow had long posed major problems for the State. He repeated the point that much of the trouble with the Garrison Project was traceable to environmentalists who, having lost the battle in the Dakotas, had moved north to Canada where they had inflamed the issue. He suggested that if reasonable people on both sides could calmly discuss the issue, a solution would be found and that the best proof of the safety of the project was that the diverted waters passed first through North Dakota. "We would never foul our own nests".

The Canadian participant from Winnipeg, Manitoba rejected strongly the argument that it was only environmentalists who were behind the Canadian objections. He pointed out that many studies, including American studies prepared by engineers and other scientists, indicated grave dangers posed by the project. He noted the IJC's warning about biota transfer which raised serious doubts about the ability of any screen device to prevent such transfer. He went on to stress the serious economic damage that could be caused to the \$10 million a year fishing industry on Lake Winnipeg.

The American delegate replied that he was very sceptical about the dangers of biota transfer since there was a long history of transfer, such as by ducks moving from one water system to the other. He noted the excellent fishing in the Garrison area of North Dakota. He repeated the point that the project was the only means to solve the irregular flow of the

Souris, thus benefitting adjacent Canadian as well as American areas. On the subject of biota transfer he commented on the "strange irony" that environmentalists who had originally insisted on fish screens as part of the project were now blocking in court the testing of such devices.

To the Canadian delegate's remark that the supporters of the project had failed to convince many of the expert critics, the American participant replied that much of the criticism was now dated because, for example, North Dakota was improving rapidly its handling of effluents and its standards were now higher than in the adjoining areas of Canada. He predicted that while the project was now "on the shelf", the first time a serious drought occurred the quality of water flowing into Canada would be very poor and this would have a terrible impact on Canada.

A Canadian delegate inquired about the current status of the project. The American spokesman replied that the IJC had recommended a full testing of preventive measures. In order to do that with no threat to Canada, North Dakota was now pressing for completion of only 60,000 acres with all return flow into the James River and none into Canada. He suggested that this proposal proved North Dakota's full confidence in the project and its respect for Canadian concerns and the IJC report. He stated emphatically that North Dakota did not recommend ignoring the IJC's recommendations.

A Canadian participant pointed out that a similar project on the Peace River had been stopped because of the fear of biota transfer by an identified organism. The American delegate replied that no such organism had in fact been identified in the Garrison Project, that it was only fear of possible biota transfer which had been raised.

As the discussion began to wind down, the Canadian spokesman commented that not only was Canada opposed to the project but so also had the adjoining states of South Dakota and Minnesota been opposed when an early version of the project would have diverted waters into these states. The American spokesman denied that there had ever been such plans or such opposition. He noted that the Secretary of Agriculture, Robert Bergland, a former Congressman from Minnesota, was a strong and long-time supporter of the project.

In concluding his remarks, the American spokesman said that he wished to make it clear that the United States would honour the recommendations of the IJC and that he called for pressing ahead now with only those parts of the project having no effect on Canada. Given the strong feelings on the issue he concluded that the "best thing right now is for a cooling-off period".

#### *Seabed Mining*

The Canadian lead speaker on this issue concisely outlined its history and Canada's particular concerns. He explained that recent developments in seabed mining technology raised the prospect of large scale exploitation of nodules and that Canada was especially concerned about the possible effects on



her land-based nickel industry. He stressed that it was not Canada's objective to block seabed mining—indeed Canadian companies were participants in seabed mining consortia—but rather wanted to assure an “orderly development of the market”. To that end, Canada had proposed fair quotas for seabed and land based production and had achieved—or believed it had achieved—agreement with the United States. He added, however, that information just received from the Canadian delegation at the Law of the Sea negotiations in New York suggested that the United States was under intense pressure from the European Economic Community and Japan to abandon the agreement on quotas in favour of a far more aggressive expansion of seabed mining, amounting to about twice the agreed-upon quota. The Chairman of the Canadian Group substantiated this point and expressed the hope that the U.S. government would maintain its support for the Canadian proposal. He suggested that disagreement on this point could seriously threaten the progress which had been made toward a general Law of the Sea agreement.

A Congressman replied that he understood the Canadian concern and that the negotiations were at a very delicate stage. He believed that the Committees of the House of Representatives concerned with these issues would make reports consistent with the American interest in a Law of the Sea treaty though he added that the subject did not stir widespread interest in the House. A Canadian participant repeated the point that the EEC-Japan proposal for doubling the seabed quota could destroy the Canadian nickel industry by oversupplying the market and depressing prices. He suggested that this represented a serious threat to the concept of an International Authority and to the entire Law of the Sea negotiations.

The discussion took a significant turn at this point with an American delegate making the point very strongly that the broader implications of this issue were being missed by the Canadians. He repeated as his view and that of the chief U.S. negotiator at the Law of the Sea talks that under the cloak of an international treaty an attempt was being made to establish a whole new régime of metal marketing, in effect a new OPEC. The International Authority, as he saw it, was to be given control over the marketing of resources “it had not developed” and the current draft provisions on this subject were completely unacceptable to the United States. He went on to say that this was a direct threat to the United States as a major and vulnerable consumer of metals and as a result the Congress was likely to take action on seabed mining in this session. He expressed disappointment that Canada now seemed to be moving in the direction of support for producer-cartel proposals.

A Canadian delegate assured the American group that Canada fully supported the United States on a weighted-voting Council for the International Authority which would reflect the interests of major industrialized countries and metal consumers as well as the interests of current producers and developing countries. He stressed that Canada was as opposed as the United States to the International Authority becoming

another cartel. The Canadian co-chairman suggested that the Canadian concern was not the structure of the International Authority—on which it supported the U.S. position—but rather the current proposals to alter land based and seabed mining quotas.

An American delegate concluded the discussion by observing that there seemed to be two distinct issues of concern to Canada and the United States and said that he would check into developments on the House side upon his return to Washington.

#### *West Coast Issues*

##### *Beaufort Sea*

There was a short exchange on the subject of off-shore oil drilling on the Beaufort Sea. The American delegate from Alaska reported that there were only two U.S. rigs at present and that he himself was extremely sceptical of the need for any drilling off-shore where the costs and environmental risks were far higher than for exploration in Alaska. He described as “ironical” that the objections of environmentalists to drilling in Alaska were forcing the far riskier exploration off-shore. He expressed interest in the Canadian activity by Dome Petroleum and specifically what sorts of corrective measures had been put in place to prevent environmental damage in moving the oil to shore.

##### *Bowhead Whale*

The same American delegate went on to express strong disapproval of a recent International Whaling Authority decision to cut back the Alaskan Eskimos take of the Bowhead Whale. He said that it was generally recognized that depletion of this species was the result of large scale commercial exploitation by the Russians and Japanese and not due to the small take by Eskimos which was an important source of food for them. Another American participant said that the U.S. had been faced with the dilemma of how to push for a general moratorium on the whale hunt while seeking an exemption for the Eskimos. The Canadian co-chairman concluded the discussion on this item by suggesting that Canada and the United States should share data on the Bowhead.

##### *Tanker Routes*

The discussion on this subject revealed significant differences between members of the American delegation. The delegate from Washington State began by remarking on this fact and expressed the view that the current volumes of Alaskan oil production could easily be handled by better utilization of existing pipelines. If much more oil were to be discovered, he personally favoured the Foothills proposal for an overland oil pipeline route since any tanker port would pose major environmental dangers. He expressed the fear that the issue was “not being examined rationally” and that the President was being presented with no option other than the Northern Tier proposal consisting of tanker shipment from Valdez Alaska to a tanker port near Port Angeles, Washington.

The delegate from Alaska disagreed with these remarks. He argued that the considerable potential for greater Alaskan oil production—as much as 2 million barrels a day—would be realized only if delivery to market was guaranteed in advance. He expressed impatience with the objections to west coast tanker traffic by observing that the U.S. was dependent on a huge volume of imported oil being brought to east coast ports by foreign tankers. How then, he asked, could there be valid objection to American tankers with stricter environmental standards carrying domestic oil along the west coast? He suggested that the environmental and other problems associated with tankers could be solved.

The Canadian co-chairman commented that there were serious doubts about increased amounts of Alaskan oil and therefore the whole issue might be a bit premature. He and another Canadian delegate emphasized Canada's opposition to substantially increased west coast tanker traffic and said that an overland oil pipeline, should one be necessary, was much preferred.

#### Halibut Fisheries

The Canadian co-chairman opened the discussion by remarking that Canada could not understand how U.S. fishermen had so grossly exceeded their quota of halibut during a 7 day fishery in July. The American delegate from Alaska replied that the responsibility for this situation lay with Canada itself for having broken off talks on a new Pacific Coast Halibut Convention in 1978. He reported that the Alaskan Fisheries Council—responsible for enforcing U.S. quotas—had increased the quota in retaliation for the breakdown in the talks and added that with the termination of the Convention—which “shocked” the United States—there was no further mechanism for enforcement on the American side. He noted as well that the death of the chief U.S. negotiator had complicated the problem.

A Canadian delegate objected to this interpretation, arguing that there continued to be an agreement in force as the result of a Protocol to the Halibut Convention signed in Washington in March 1979. An American participant from Washington State said that he had been unaware of the recent overfishing but asked whether compensation had not been awarded by the Halibut Commission. A Canadian replied that there had been compensation but that it was inadequate and Canadian fishermen wanted further compensation in 1980 and 1981. He then raised the larger question of the future cooperative management of the halibut stock and whether U.S. authorities were really interested in or equipped to enforce cooperation and fishing quotas. An American delegate replied that the Councils were federal bodies, albeit with some local and industry membership, and that they were fully equipped to enforce a management régime. He acknowledged that there was a problem of declining halibut stock and that Canada-U.S. cooperative in this area was essential.

#### Albacore Tuna

There was only the briefest of discussions on this item with a Canadian delegate describing the problem as the United States' refusal to recognize the applicability of Canada's 200 mile economic zone to this species of fish. The point was noted by the American delegation.

#### Pacific Salmon Questions

The bilateral problems related to west coast salmon were introduced by a Canadian spokesman who drew attention to the ongoing negotiations for agreement to protect the west coast salmon through a cooperative management program. In respect to the Fraser River stocks, the problem revolves around the heavy interception by U.S. fishermen whose catch, according to Canadian data, is considerably larger than that caught by Canadian fishermen. Canada has put large sums into salmon enhancement programs but, due to the terms of the Fraser River Conservation Agreement, Canada is restricted from developing the Fraser in the way it might choose without risking the loss to the U.S. of the product of that enhancement. Canada would like to have overall management and control of the Fraser run and to see enforcement of the agreed catch regulations by both countries. Concern was also expressed about what seemed to Canadians as a lack of U.S. federal control over the fishermen entering the U.S. fishery. Canada has attempted to impose limits on licences issued, all in the interest of conservation, whereas the U.S. seems to exercise no such control because the State or Regional Fishing Councils seem to have the power to end-run U.S. federal conservation plans.

An Alaskan Senator spoke of the recent problem related to salmon originating in the Yukon or B.C. and flowing through Alaska or the Panhandle to the sea where American fishermen were seeking to develop salmon fishing. There had been incidents in the waters off the Panhandle he said. Canadians are also concerned about U.S. fishermen catching salmon bred in the Canadian head waters of these streams flowing through the Panhandle.

A Congressman from the State of Washington stated that dams on the Columbia had caused a high mortality rate of salmon on this river. It was estimated that 60 per cent of Columbia River salmon were caught by Americans. Last year, under a short-term agreement, Canadian trollers had been permitted to fish to 5 miles off the U.S. coast and this had caused such difficulties that the American fishermen had had to cut back. He described it as a “volatile” situation with the danger of shootings and ramblings in an industry which had an increased number of fishermen pursuing a declining resource.

#### Plenary

In place of the review of Committee reports held in previous years, this year's main plenary was devoted to discussions of subjects of general interest to the two delegations. (An earlier plenary session on the Alaska Highway Gas Pipeline, the first day of the meeting, had been arranged so all delegates could participate in this main agenda item.)



At the request of the U.S. delegation, Canadian delegates outlined the present Canadian political situation with respect to the Quebec referendum. Responding to interested American questioning, Canadian delegates expressed over-complacency in regard to the referendum. They also pointed to other federal-provincial strains in the Canadian Confederation. Summing up the discussion, an American co-chairman stated that the American delegation appreciated the opportunity to hear the differing Canadian viewpoints, a process which in itself, he said, helped it to better understand the current Canadian problem.

The Congressman went on to describe briefly the important changes in the U.S. political scene in recent years, largely due to the impact of Vietnam and to OPEC. They included a major growth of environmental concern, a new power structure in Congress which necessitated the formation of a new consensus on nearly every issue, the Proposition 13 issue, a persistent inflation, and a wide variety of reactions to the energy crisis, e.g. synthetic programs, conservation programs, tax credits.

State-federal and state-provincial relations were raised by a U.S. Senator who described the expanding number of agreements or arrangements (one study cited 500) between states and provinces, particularly those bordering one another. In fact he said it has seemed easier to deal with the bordering state than with the federal government. While industry in his state would like to make separate arrangement with Alberta for gas exports, he recognized the potential danger of such a development and acknowledged the authority of the NEB in this field. A Congressman pointed out that in Washington state the province of B.C. had to deal with a private company when it sought remedies regarding the Skagit development or a nuclear plant.

A U.S. Senator set out in detail the Administration's recent energy proposals currently before Congress. The highlights of these included the Energy Security Corporation which would develop synthetic fuels with some \$88 billion derived from a new windfall profit tax; reduced targets for oil imports; a new incentive price for tight sands; tax exemptions on heavy oils and a targetted 50% reduction in oil use by 1990. Commenting critically on some of the President's proposals, the Senator thought that the windfall profit tax would siphon off funds from exploration and that better results might be achieved if funds went to tertiary recovery. He noted a curious difference in the two countries, that in the U.S., synthetic fuels were to be developed by government and in Canada mainly by the private sector through incentives. A Congressman stated that he would like to see fewer government enterprises and suggested a new tax code to encourage private investment.

Another American Senator considered the U.S. Administration's projected figures on synthetic fuels production to be overstated and he doubted as well that the stated conservation goals were realistic since the implementation methods were inadequate. A west coast Congressman added that a serious unproductive situation was resulting from the conflicts be-

tween state and federal energy programs and environmental constraints.

At the request of an American delegate, a Canadian Senator explained the very generous Canadian tax depletion allowance system designed to promote frontier drilling. He described it as having stimulated oil and gas exploration in the Beaufort Sea, and offshore Labrador. While the U.S. delegate found this scheme attractive, it was severely criticized by a Canadian delegate who claimed that the Canadian public was generally unaware of it, that it was hidden in the national accounts, and that there should be a better return for the Canadian people. He preferred to have Petro-Canada undertake such ventures. The U.S. delegate pointed to the fact that Petro-Canada had spent billions in the Arctic with no return.

An Albertan Minister who had been invited to attend the discussion maintained that reserves would be increased by incentives to private industry and exploration and new discoveries would be stimulated by the export of current gas surpluses. In response to a question regarding Alberta's attitude to the prebuild, the Minister said he agreed there needed to be firm assurances beforehand that the rest of the Alaska Highway Gas Pipeline would be built. The delays in financing the Alaska portion were holding things up, he said. Speaking of the synthetic fuel program he noted the third tar sands project (Allsands) had already been approved and the Cold Lake project would go ahead using a steam technique for extraction. When asked whether Alberta was considering financing the Alaska line outside Canada, the Minister replied "Not yet", but added that they had been looking at helping to finance the Alberta prebuild. He noted that Alberta also supported gas exports through existing lines. Asked whether Alberta would be receptive to U.S. participation in tar sands development with a pay-back in oil, the Minister sounded a note of caution concerning the dangers of overheating the economy.

Speaking of future nuclear power developments a Canadian delegate raised the problem of public mistrust and fear resulting in violent demonstrations in some countries. The problem is growing he said and cited a Gallup survey which found that public opposition to nuclear plants had risen slightly over a 10 year period. Since public support was needed before nuclear programs could go ahead, western democracies had to seek ways to appease the fears and passions and to enhance a rational approach. How can governments achieve public support?

A Congressman described the situation in a Pacific Northwest State where the public utilities, previously supplied by hydro, were making a substantial investment in nuclear power. Due to recent Senate legislation, there is a requirement for greater public participation in nuclear decisions and the decision-makers are obliged to prepare cost-effective tests. A Canadian participant emphasized the importance of public access to information. He reported that the Three-Mile-Island incident had indirectly provoked the revelation that a number of nuclear accidents in Ontario had gone unreported. The establishment of an investigative committee of the provincial

legislature reflected the general concern about radioactive leakage.

A Congressman enthusiastically described the great strides which were being made in fusion technology but a U.S. Senator cautioned that fusion's important contribution might be 40 years away.

Bilateral free trade was raised by a Canadian participant who mentioned a study done by a Committee of the Canadian Senate last year as well as a recent statement by the Canadian finance minister who wished "to look seriously" at this area and by a U.S. subcommittee which was undertaking a study for a North American free trade arrangement. He cautioned the American delegation in its use of the term 'continentalism' which would, he said, arouse negative reactions in Canada. Furthermore it was important for Americans to recognize that a pooling of energy was "not in the works". What could be involved would be a sector-by-sector or area-by-area look at reductions in tariffs and elimination of NTB's such as in the petrochemical industry. In the manufacturing sector, he said, it seemed logical to many to look at some form of North American rationalization. This participant pointed out that a free trade area was neither a customs union nor a common market. In a free trade area, Canada and the United States would trade freely with one another but be free to set their own tariffs against third countries. He cited the difference between the common market which exists among the nine countries of the European Community (EC) and the free trade arrangement which Sweden or Norway have with the EC.

## ANNEX

In keeping with this year's emphasis on energy issues, a number of additional briefings and tours were included after the conclusion of the Calgary meetings. In Calgary the delegations were briefed and shown slides of the Arctic Pilot Project by Mr. W. H. Hopper, President and Chief Executive Officer of Petro-Canada. In Fort McMurray, the delegates visited a synthetic fuel producer (Syncrude Canada Ltd.) where they were briefed by officers of the company including Mr. Brent Scott, President. The Group then visited Whitehorse, capital of the Yukon Territory situated on the proposed route for the gas pipeline. A side visit to Skagway on the Alaska Panhandle allowed delegates to examine a potential oil port.

From Whitehorse the group flew to Anchorage where the President of the Northwest Pipeline Company, Mr. John McMillian met the group for a discussion on the Alaska Highway Gas Pipeline. In his presentation, Mr. McMillian stated that there was in Alaska 26 trillion cubic feet (tcf) of gas, or 13 per cent of the U.S. gas supply, which could be moved down by pipeline; that an established communication

route would be used for the pipeline which would follow the Alyeska Line as far as Delta and from there would go along the Haines pipeline and the Alaska highway; that delays were due to the regulatory decision-making in the United States; that 9000 to 10,000 workers would be employed in the project; that every company in the consortia was experienced in pipeline building; that it had been helpful to have Trans-Canada Pipelines join the consortia for the prebuild; that Canadian gas could go east to eastern Canadian markets through this system; that the cost of the United States portion would be \$9 billion and the Canadian portion \$6 billion; that the project could be privately financed; that his company asked Alaska for \$1 billion in tax free bonds; that he considered the incentive rate of return important to avoid the huge Alyeska-type overruns; that the 80-foot distance required by law for the gas pipeline from the oil pipeline was much more than the 20 feet the company thinks is necessary or the 60 feet it had asked for; and that there are good technical reasons for the frequent crossing of the gas line over the oil line even though it is expensive.

In response to questioning as to the comparative costs per mile of pipeline in the two countries, Mr. McMillian admitted it worked out at 2½ times more expensive in the United States than in Canada. This startling difference, he explained, was due to a number of factors. Canada had a labour output which was more than twice the American output due to incentive schemes and a very efficient pipeline industry. There were far more environmental constraints in the United States as well as more stringent requirements. Finally, the Canadian regulatory process was far more efficient than the American. He compared the FERC before which his company had had 15 months of expensive hearings with the "good quick decisions" of the NEB and urged that the American process be streamlined.

From Anchorage, the group flew to Prudhoe Bay, the source of Alaskan oil and gas where it was shown some of the ARCO and Sohio installations including the ARCO gas compressor unit where 1.2 billion cubic feet of gas per day was being reinjected. Although officials maintained there was no limit to the amount of time they could continue to reinject gas, it was expensive at \$2 million a month and it was in everyone's interest to have the gas pipeline built. At Prudhoe Bay the delegates were able to examine for themselves many of the environmental concerns involving the compatibility of the operations with indigenous wildlife such as the caribou, as well as the care of the perma-frost and the tundra vegetation through the use of 5-foot gravel pads. It was noted that perhaps the best potential for new oil and gas discoveries in the United States was in the adjoining lands along the Arctic Wildlife Range and off-shore in the Beaufort Sea.



## THE SENATE

Thursday, November 8, 1979

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

### REMEMBRANCE DAY

**Senator Marshall:** Honourable senators, last Sunday, on November 4, I had the distinct privilege of representing Canada at the Vimy Memorial Ceremonies in Arras, France.

Accompanied by two distinguished Canadian veteran comrades of the First and Second World Wars, Brigadier-General J. A. Delalanne, representing the Royal Canadian Legion, and H. Cliff Chadderton, representing the National Council of Veterans Associations, I stood, proud, on a piece of Canadian land in France, a free gift in perpetuity of the French nation to the people of Canada. And we stood together, side by side with a Canadian and French honour guard comprised of soldiers of a new decade, the youth of both our countries, as we honoured our 60,000 First World War dead, including some 11,000 who have no known graves, and we recognized their names inscribed forever on the Vimy Memorial's ramparts, the names of those Canadians who sacrificed their lives in defending peace and freedom in the world.

As we stood with our French confrères before that majestic and inspiring tribute in silent remembrance, we were re-inspired with a mutual respect and comradeship, and with a spirit of unity which I am sure will bind our two nations everlastingly, even if as a result of the suffering and sacrifice of our youth in time of conflict.

This Sunday, November 11, at services right across our great country, Canadians will stand before Canada's memorials, with veterans who are left from the First and Second World Wars and Korea, to honour the tens of thousands of Canadian men and women who, in the prime of their lives, served and died in far-off lands and seas so that Canada might be free and united.

It is significant that as we honour our war dead on Remembrance Day after three wars we experience conflict from within our great nation and are threatened with the break-up of our country—a circumstance which would surely “break faith” with those many thousands who fought and died for a united Canada; for if they who lie in their graves could wake, they would feel that they had died in vain.

I can only hope and pray that the inspiration, mutual respect, and spirit of unity which I and my comrades experienced at Vimy will reach across the seas to all Canadians to ensure continued national unity in our country. We will remember them—those veterans who made the supreme sacrifice.

**Senator Perrault:** Together with all honourable senators, I should like to be identified with the moving and very appropriate remarks just uttered by the Honourable Senator Marshall.

I too have visited the Vimy Memorial at Arras and other memorials constructed to honour those who died that Canadians and people in other countries might live. Together with such visitors I was impressed and moved deeply by the fact that the names inscribed on those memorials and on the headstones represent Canadians of many racial backgrounds.

● (1410)

Many religions are represented there. United in common cause, these men and women fought as unhyphenated Canadians, striving together to defend freedom and, in almost all cases, dying at too young an age.

Some of the survivors, some of the remnant of those who fought for Canada, are in real need today in various parts of this country. They must not be forgotten. They deserve to be honoured, especially on Remembrance Day, but they should be honoured throughout the year and very much kept in mind as we consider programs designed to help the people of Canada.

**The Hon. the Speaker:** Honourable senators, perhaps I may be permitted to add that on Sunday last, as your Speaker, I had the honour, in the company of Mr. Donald Munro, the Chairman of the House of Commons Committee on External Affairs and National Defence, and also with our Ambassador to South Korea, Mr. D. H. Burney, to lay a wreath at the memorial to the Princess Patricia's Canadian Light Infantry Regiment at a point just below the demilitarized zone in the north part of South Korea in a spot where that distinguished Canadian regiment fought one of the most famous battles in the history of the Canadian Army.

It was an honour for me to be there in the presence of senior officers, including a divisional general of the South Korean army, who are defending one of our Canadian lines of defence between 750,000 North Koreans, South Asia and ultimately Canada.

**Hon. Senators:** Hear, hear.

### BANKRUPTCY BILL

#### FIRST READING

**Senator Flynn** presented Bill S-9, respecting bankruptcy and insolvency.

Bill read first time.

**Senator Flynn** moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

## FEDERAL DISTRICT COMMISSION BILL

## FIRST READING

**Senator Flynn** presented Bill S-10, to confirm the authority of the Federal District Commission to have acquired certain lands.

Bill read first time.

**Senator Flynn** moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

## DOCUMENTS TABLED

**Senator Flynn** tabled:

Supplementary Estimates (B) for the fiscal year ending March 31, 1980.

Report of the Chairman of the Immigration Appeal Board for the year ended December 31, 1978, pursuant to section 69(2) of the *Immigration Act, 1976*, Chapter 52, Statutes of Canada, 1976-77.

Report on Security Certificates under the *Immigration Act, 1976*, for the calendar year 1978, pursuant to section 39(2) of the said Act, Chapter 52, Statutes of Canada, 1976-77.

Report of Minister's Permits issued under the authority of the *Immigration Act, 1976*, for the calendar year 1978, pursuant to section 37(7) of the said Act, Statutes of Canada, 1976-77.

Copies of Minutes of Meetings of Honourable Senators authorized by resolution of the Senate of Canada on the 29th day of March, 1972, to act for and on behalf of the Senate during any period between sessions of Parliament or between Parliaments in all matters relating to the internal economy of the Senate, held on March 28, May 17, July 4, July 12 and August 2, 1979.

## THE ESTIMATES

## SUPPLEMENTARY ESTIMATES (A)—REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS AN APPENDIX

**Senator Everett:** Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (A) laid before Parliament for the fiscal year ending March 31, 1980.

Honourable senators, I would ask that the report be printed as an appendix to the *Debates of the Senate* and the *Minutes of Proceedings of the Senate* of this day to form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(For text of report see appendix, p. 298)

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

[Senator Flynn.]

**Senator Everett** moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

## BUSINESS OF THE SENATE

## ADJOURNMENT

**Senator Roblin:** Honourable senators, I move, seconded by the Honourable Senator Asselin, P.C., with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Thursday next—

**Hon. Senators:** Oh, oh! Tuesday next!

**Senator Roblin:** That it do stand adjourned until Tuesday next, the 16th of November—

**An Hon. Senator:** No, no. The 13th, you mean.

**Senator Roblin:** My trouble, honourable senators, is that I believe what I read. That is what it says here. I think there must be an error in some respects. I will rephrase the motion to say: that when the Senate adjourns today it do stand adjourned until Tuesday next, November 13, 1979, at 8 o'clock in the evening.

**Hon. Senators:** Hear, hear.

**Senator Roblin:** And better luck next time.

Motion agreed to.

● (1420)

## THE ESTIMATES

## SUPPLEMENTARY ESTIMATES (B) REFERRED TO NATIONAL FINANCE COMMITTEE

**Senator Roblin,** with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the Supplementary Estimates (B) laid before Parliament for the fiscal year ending 31 March, 1980.

Motion agreed to.

## HEALTH, WELFARE AND SCIENCE

## CHANGE IN COMMITTEE MEMBERSHIP

**Senator McDonald,** with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Norrie be substituted for that of the Honourable Senator Giguère on the list of senators serving on the Standing Senate Committee on Health, Welfare and Science.

Motion agreed to.



## QUESTION PERIOD

[English]

## FOREIGN AFFAIRS

## IRAN—PROTECTION OF CANADIAN CITIZENS

**Senator Perrault:** Honourable senators, in the first instance, may I address a question to the Minister of State for CIDA. From recent news reports, the situation in Iran would appear to be verging on a state of anarchy. Can the minister provide honourable senators with information with respect to the position of Canadian nationals in Iran? Is there an estimate of the number of Canadians there, and are they in any danger?

[Translation]

**Senator Asselin:** Honourable senators, the most recent news indicates that the Canadians now in Iran are in perfect health.

I said recently that there are some 150 Canadians in Iran, but only 60 of them are registered with our embassy.

Of course, the government is keeping a very close watch on the explosive situation in Iran. I hope honourable senators will allow me not to make any aggressive statement concerning this situation, in order not to jeopardize the safety of the Canadians who are over there.

[English]

**Senator Perrault:** Is the minister able to state what kind of security arrangements exist at our embassy in Iran? Is it a token force? What type of physical protection exists for those Canadians in Iran?

[Translation]

**Senator Asselin:** Honourable senators, I cannot give you any details of the security measures which have been taken to protect our people. All I can say is that we do receive every day a communication from our embassy to the effect that the situation is such as I have indicated.

[English]

## ENERGY

## OIL SUPPLIES FROM IRAN

**Senator Perrault:** I have a supplementary question that I should like to direct to the Minister of Industry, Trade and Commerce. In view of the fact that it is estimated that a cut-off of deliveries of oil to the United States by Iran would mean that Canada could lose 40,000 to 50,000 barrels of imported oil a day because of the multinational oil companies' pooling arrangement under which all major customers share the misfortune when one customer is cut off, has the government received any updated reports with respect to the status of oil deliveries from Iran to the United States?

**Senator de Cotret:** Not to my knowledge, honourable senator. I am not aware of any recent clarification of that situation. I am well aware of the article you are quoting from, and it is obviously a supply interruption that we would like to see not materialize. As soon as we have any communication or any

further information on this matter I will be very happy to communicate it to honourable senators.

**Senator Perrault:** Honourable senators, it would be of interest to all of us, and certainly of interest to the country to have a report as soon as possible with respect to the effects here of a partial reduction of Iranian oil supplies to the United States, or a total cut-off of Iranian exports, especially the effect such a partial or total cut-off would have on our oil situation in Canada, particularly this winter. I appreciate the minister's offer to bring this information to the Senate.

## TRANSPORT

## RUMOURED MERGER OF AIR CANADA AND CP AIR

**Senator Perrault:** I have a further question that I should like to direct to the Minister of Industry, Trade and Commerce. There seems to be a disagreement between Air Canada and CP Air with respect to a general statement made by the Honourable Minister of Transport to the effect that the two airlines become partners on international routes. Has the government received any communication from either Air Canada or CP Air in response to Mr. Mazankowski's alleged remarks?

**Senator Flynn:** I think we discussed this yesterday afternoon, and at the request of Senator Marchand I have asked the Minister of Transport to respond to the questions posed. I have not as yet received his reply.

**Senator Perrault:** But there have been communications to the government from the companies in recent hours? The minister may wish to provide this further information as part of his report.

**Senator Flynn:** What I said yesterday afternoon was that the Minister of Transport was speaking about only a hypothesis to rationalize international routes. In any event, I have sent a request to the minister to have that point clarified, and I think the reply will satisfy the Honourable Leader of the Opposition.

## FOREIGN AFFAIRS

## IRAN—STATUS OF CANADIAN AID

**Senator Haidasz:** Honourable senators, I should like to put a supplementary question concerning Iran-Canada relations to the Minister of State responsible for CIDA. Can the minister inform this chamber about the status of Canadian aid through CIDA, EDC and other federal agencies to the state of Iran?

[Translation]

**Senator Asselin:** I do not have with me either the figures or the projects you are referring to.

I shall enquire, however, and reply to you as soon as possible.

[English]

## INDUSTRY

### BRIEF OF AUTOMOTIVE PARTS MANUFACTURERS' ASSOCIATION OF CANADA

**Senator Bosa:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. Earlier in the month of October the minister received a brief from the Automotive Parts Manufacturers' Association of Canada in which they pointed out a projected deficit in their sector of \$2.9 billion, a figure which has now been revised upwards. Could the minister indicate to the house when he is likely to respond to that brief?

**Senator de Cotret:** In the very near future. I had an informative meeting with the Automotive Parts Manufacturers' Association earlier this month, and they presented a very interesting brief. There were a number of recommendations in that brief, and I undertook at that point to give them a detailed reply to the brief. That reply is being prepared and discussed by my officials at the moment, and I expect to be able to communicate it to the Automotive Parts Manufacturers' Association in the very near future.

● (1430)

## THE ECONOMY

### NATIONAL ECONOMIC DEVELOPMENT CONFERENCE

**Senator Bosa:** I have a question of a different nature. In view of the very great problems that Canada is facing today in the economy, such as high interest rates, the high rate of unemployment, and the lack of new capital for investment in plant and equipment, does the minister not consider it more appropriate to tackle these problems now rather than wait for the results of the proposed National Economic Development Conference, the date of which has not been set yet?

**Senator de Cotret:** First of all, I totally disagree with the premise of your question. Secondly, I totally disagree with the conclusion that you draw from this false premise. I even disagree with the facts. Our investment performance, at the moment, is the best we have had in a number of years. Every survey that has been conducted in the last year indicates that investment performance in this country for new plant and equipment will by far surpass the performance of the economy for a great number of quarters in the past.

**Senator Perrault:** As a result of Liberal incentives.

**Senator de Cotret:** As a result of greater certainty caused by the government's bringing down policies for stability in this economy.

In terms of inflation and unemployment, I think it is grossly unfair to indicate that the government is waiting for the National Economic Development Conference to deal with those issues. We are dealing with those issues at the moment. They will be further addressed in the budget. Certainly they will be discussed at the National Economic Development Conference, but I would like honourable senators to know that

the purpose of the National Economic Development Conference is not to focus on some of the cyclical problems that we are undergoing right now and solutions to them, but rather look at the next decade in this country.

**Senator Lamontagne:** Ten years from now.

**Senator de Cotret:** No, that was the Liberal approach. We will look at the next ten years and find proper policies to deal with the problems.

**Senator Bosa:** As a supplementary, is it true that the business community has advised the minister not to proceed with the conference in view of the lack of substantive results from previous conferences?

**Senator de Cotret:** That is absolutely false. I met with my advisory council as Minister of Industry, Trade and Commerce yesterday morning, and they applauded the initiative being taken by the government. I have met with the chairmen of the Tier I task force that was set up by the previous government. They applauded our new initiative, pointing particularly to the improvements over the past initiatives. I have also met with the chairmen of the Tier II task force, both on the business and the labour side. They are proceeding right now with work in terms of input into the agenda of this process.

There is widespread support from labour, provincial governments, and business for this conference, and all are contributing very actively at the moment in setting up the agenda and finalizing the details for its taking place.

**Senator Bosa:** As a further supplementary, has the minister received representations to the contrary? Has he received any representations from the business community which indicate that they are not in agreement with this proposal?

**Senator de Cotret:** After meeting with business representatives in each of the provinces of this country, the chairmen of the Tier I and Tier II task forces, my own advisory council, the Prime Minister, and with businessmen in Vancouver and Montreal, I have not heard one voice suggesting that this conference should not be held.

**Senator Flynn:** Except the voice of Senator Bosa.

## CROWN CORPORATIONS

### PETRO-CANADA—CHAIRMAN OF TASK FORCE

**Senator Goldenberg:** I have a question which I should like to address to either the Leader of the Government in the Senate or the Minister of State for Economic Development, whoever chooses to answer. The *Montreal Gazette* of yesterday, November 7, reports, from Calgary, a news conference by Doug McDougall who was head of the government task force on Petro-Canada, in which he discusses the recommendations of the task force on the distribution of Petro-Canada shares. The report goes on to say:

McDougall, who is being paid by the federal government to explain his task force's report to interested groups, said earlier yesterday that Petro-Canada has not been an effective instrument of public policy:

[Senator Asselin.]



I find it rather unusual for the head of a task force to be paid to sell the task force's report. I can speak with some authority because I think I have headed more inquiry commissions in Canada than anyone else in the last 35 years.

My question is this: Has the Government of Canada retained the services of Mr. McDougall since the task force made its report? If so, on what basis is he being paid?

I will understand if the minister takes this question as notice.

**Senator Flynn:** I will certainly take that as notice.

## ADMINISTRATION OF JUSTICE

### GUN CONTROL—RESTRICTED WEAPONS LIST

**Senator Frith:** Honourable senators, I have a question for the Minister of Justice. Can he tell us why the Colt model AR-15 semi-automatic action rifle, which was on the restricted weapons list, is no longer on that list? Can he tell us why, on the recommendation of the Solicitor General, it apparently is no longer a threat to the public?

**Senator Flynn:** I think that question should be directed to the Solicitor General. I will ask him to reply to it, as I am not much good at that kind of technical problem. To me, a gun is a gun.

**Senator Frith:** I have a supplementary, honourable senators. I just want to be sure that the Minister of Justice realizes that I do not consider myself any expert on guns either.

**Senator Flynn:** But sometimes you try.

**Senator Frith:** Really? When?

**Senator Flynn:** Sometimes when you shoot from the hip.

**Senator Frith:** I must say, honourable senators, that some day I hope to be able to enjoy the humour the Minister of Justice brings forward with the same zest that he enjoys it himself.

**Senator Flynn:** You will not be able to do that. It is impossible.

**Senator Frith:** I think it is impossible, yes. I agree.

Honourable senators, I direct this question to the Minister of Justice because his own press release did not clearly explain why this weapon has suddenly become unrestricted. I appreciate that in the press release the Minister of Justice did say he was acting on the recommendation of the Solicitor General. So I understand that he will want to inquire.

And so he can understand exactly what the question is, may I say that what I found mystifying in the statement was that it did not separate this weapon from other like weapons as suddenly, for some reason, becoming no longer a danger to the public. It said that it had been restricted, and that it was now not restricted. The reason the statement seemed to give was that we now had gun control and therefore this gun did not need to be restricted.

I would therefore ask the minister to read the press release again. I think he will share my mystification with it, and perhaps he can give us some expansion from the Solicitor General as to why this weapon was selected from among so many as to be no longer a restricted weapon.

**Senator Flynn:** Agreed.

[Translation]

## INTERNATIONAL TRADE

### LOSS OF SALE OF CANDU REACTOR TO ARGENTINA

**Senator Lamontagne:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce concerning our commercial failure in Argentina.

As the document that he recently tabled in this house concerning the Candu sale to Argentina was only a statement made by Argentina Atomic Energy Commission President Castro Maderos to the press of his country, could the minister tell us—and I am coming back to my initial question—if the Government of Argentina has contacted the Canadian government, directly or through exchanges between its nuclear energy agency and Atomic Energy of Canada, to explain its refusal to buy Candu; and, if so, could he table these documents as he had promised at the beginning of October?

**Senator de Cotret:** I wish to take this question as notice. I do not know exactly which communications means have been used. I think that the reason given by the Government of Argentina through the official channels or otherwise are well expressed in the document already tabled in this house. However, I am going to inquire about the communication process that was used and I shall give you an answer.

● (1440)

[English]

**Senator McDonald:** I should like to ask the minister a supplementary question. There seem to be two views expressed as to why Canada lost this sale of a nuclear reactor to Argentina. One is that the German technology and work force were superior to Canada's, which is rather a severe charge to make against Canada. The other is that it was the application of Canadian safeguards that lost the sale to Argentina. If we lost this sale because of inferior technology and work force, what is the present government attempting to do to solve this problem? If we lost the sale because of the application of Canadian safeguards, what are we doing to get our competitors, such as the Germans and the Swiss, to meet the high standard of safeguards that Canada has proposed?

**Senator de Cotret:** Once again I am forced to disagree totally with the basic premise of the question. It is very difficult to surmise what one would do if what the honourable senator believes happened actually happened, which did not happen. I only reiterate what I said before, and what is borne out in the statement on the table of this chamber, that there were essentially two major reasons for the Argentine decision.

Certainly there was an express desire by the Government of Argentina to move to second sourcing in their nuclear pro-

gram. We, being the first source, were obviously at a competitive disadvantage if it was an avowed aim of their policy to second source some of their nuclear projects. That was further illustrated by the fact that they indicated quite clearly that this decision applied only to the reactor under consideration, and not to future contracts being let out.

The other reason, and one that cannot escape our attention, is the very poor performance on the first project we had in Argentina, in terms of the timing of the project, which went well beyond what we had promised, in terms of the cost overruns on the project, which went well beyond what we had projected, and finally in terms of twice having to re-open the question of safeguards during the life of the planning project.

That may be history, but nonetheless the experience was not a happy one for the Government of Argentina, and it was certainly not a happy one for the Government of Canada in those days. I do not propose to speak for the government of the time, but I am sure they cannot have enjoyed that unfortunate incident. I feel today, as I felt when I answered this question several weeks ago, that those were the two major issues. From the point of view of technology, I think the Candu is still the best project of its type in the world.

**Senator Perrault:** I do want to state, by way of a supplementary observation, that during an official mission to Argentina a few months ago, the Argentine authorities were high in their praise of Canadian technology and workmanship on the existing nuclear facilities installed there. I think the minister is aware of the severe fluctuations in the purchasing power of the Argentine currency during the term of the contract, a situation that precipitated much of that contract crisis. Almost implicit in the minister's reply is the suggestion that somehow there was total mismanagement on the Canadian side. That was not the case. The contract period saw devaluation of the Argentine currency two or three times. It was a very unstable situation, with annual inflation rates at times approaching 300 per cent.

**Senator de Cotret:** I should like it to be very clear that I am not suggesting the former government totally mismanaged the project—only partially.

[Translation]

SALES POLICY RESPECTING CANDU REACTORS—STATEMENT BY  
MR. ROSS CAMPBELL

**Senator Lamontagne:** A supplementary. The account the minister has just given us is certainly absolutely incompatible with the account of the same events given to the press and television by Mr. Ross Campbell, Vice-President of Atomic Energy of Canada, in charge of international sales for that organization.

So I ask the minister whether Mr. Campbell, when he made his statement, which does not match at all with what the minister just told us, was lying or was just simply not aware of the events on which he was commenting.

**Senator de Cotret:** Honourable senators, I am certainly not going to make a judgment on what motivated Mr. Campbell, as I do not know what information he had available at the time. I will say that Mr. Campbell does not speak on behalf of

the government; ministers speak on behalf of the government, and I speak on behalf of the government, the Prime Minister speaks on behalf of the government, and the Minister of Energy, Mines and Resources was also speaking on behalf of the government on this issue. Mr. Campbell can say what he wants but the position of the government will be set by the government. Furthermore, in our negotiations with the Government of Argentina we answered your questions very frankly. I think we put before you all the facts we know.

**Senator Lamontagne:** It is all very nice for the minister to say he speaks on behalf of the government. I fully accept that. However, I think Mr. Ross Campbell, as Vice-President of Atomic Energy of Canada, in charge precisely of international sales for that organization, and as a high official who served his country for many years in Canada and abroad, must also have some credibility in this house.

**Senator de Cotret:** You want me, honourable senators, to impute motives to what Mr. Campbell said. I refuse to do that. All I can tell you is my position and the position of my government in this matter. You may conclude that there is a deep disagreement between what we say and what Mr. Campbell said. You might be able to question Mr. Campbell on another occasion to determine why he said those things that are completely different from the facts as the government of this country knows them. All I am telling you is those facts as I know them. Mr. Campbell may say what he wants but I will not comment on the motives he may have had in doing so. He may have a whole series of motives he will explain, or he does not know the facts at all. I am not in a position to speculate.

## TRANSPORT

### RUMOURED MERGER OF AIR CANADA AND CP AIR

**Senator Marchand:** Honourable senators, I read an account of the speech made by the Minister of Transport on some very vague project of merger or agreement between CP Air and Air Canada. I believe it will be interesting to know, before I can pursue this matter, whether the speech by the Minister of Transport was a written speech. Will it be possible to get a copy so we will know exactly what is in it?

**Senator Flynn:** I tabled it the other day. Maybe I should have asked for permission to have it appended to *Hansard*, but I tabled it the other day.

**Senator Marchand:** Then, I am sorry, honourable senators. If it was tabled I will try to get a copy.

## INTERNATIONAL TRADE

### SALES POLICY RESPECTING CANDU REACTORS—STATEMENT BY MR. ROSS CAMPBELL

**Senator Lamontagne:** I have a supplementary. Since the government intends—

**Senator Flynn:** Supplementary to what?



**Senator Lamontagne:** To my previous question. Since the government firmly intends to sell Candu reactors to foreign countries—Romania, perhaps Japan, perhaps Mexico, and perhaps elsewhere, when the minister finally decides to go there—I am wondering, in view of the position that he confirmed this afternoon, what credibility can be attached to the comments of Mr. Ross Campbell, who must, I suppose, continue to negotiate sales in other countries on behalf of Atomic Energy of Canada. Because of his very important duties, he is responsible for these sales in other countries.

**Senator de Cotret:** You have asked me to impute motives to Mr. Campbell because of his statement. I refused to do so. I do not see how this can affect his credibility.

As I said earlier, there may have been many reasons for the comments made by Mr. Campbell. Perhaps he was not in possession of all the facts that we have ourselves. He may have spoken too soon. I cannot say. I refuse to examine the pros and cons or make a judgment about his comments. I have already said that my answers were given in full knowledge of all the facts that the government has at its disposal. I explained the position of the government this afternoon.

● (1450)

[English]

**Senator Steuart:** Are you on the hit list now?

**Senator Flynn:** You are—with me!

**Senator Steuart:** Too late.

## PRESIDENT OF THE UNITED STATES

### ITEMS FOR DISCUSSION DURING VISIT TO CANADA— AUTOMOBILE INDUSTRY

**Senator Perrault:** I have a question for the Minister of Industry, Trade and Commerce. A question was asked earlier with respect to the Auto Pact between Canada and the United States. In view of the importance of the automotive industry in Canada, and the large number of jobs dependent upon that industry, will the government take a strong stand at the meeting with President Carter to set forth the Canadian view that we should have our fair share of jobs as a result of that agreement, as well as production, investment, research and development? Is it planned to have a strong position taken by Canada with respect to the Auto Pact during the course of those conversations with President Carter?

**Senator de Cotret:** I can only assure the honourable senator that the matter will be raised in the course of the discussions, and that all positions of this government are strong positions. We do not have wishy-washy positions.

**Some Hon. Senators:** Oh, oh.

### TIME ALLOCATED FOR MEETINGS

**Senator Perrault:** In view of the fact that the minister has stated that a great many subjects are going to be covered in the conversations with President Carter, are reports accurate

that the total time allocated for the private meeting with President Carter is 15 minutes? How does the government propose to cover those subjects in that period of time? Surely the reports must be incorrect.

**Senator de Cotret:** The honourable senator was more adept at reading the previous press statement that he quoted earlier today than any statement alleging a 15-minute meeting. Considerably more time than that has been set aside for substantive discussion.

**Senator Thériault:** Two 15-minute periods.

**Senator de Cotret:** No. I read four morning newspapers earlier today and they all contained the same story. I am not sure which paper the honourable senator has been reading, but certainly the *Globe and Mail*, the *Montreal Gazette*, *La Presse* and *Le Devoir* had the same story that reflected exactly the time table for the meeting. There is a working lunch of one hour tomorrow noon; there is a meeting on Saturday to last an hour; and there are two 15-minute private meetings between the President and the Prime Minister. It adds up to a total amount of time of approximately three hours in which we are going to be having substantive discussions. I agree that three hours is not a very long period of time.

**Senator Bosa:** It's a ceremonial visit.

**Senator Asselin:** There will be ten minutes with your leader.

**Senator de Cotret:** That would be eight minutes too many.

Three hours is a fairly short period, given the complexity of the agenda, but we still expect to be able to cover the vast majority of it and have a useful exchange of views. It is certainly more than 15 minutes.

**Senator Perrault:** The information is heartening, but surely the government can understand the position of those on this side when yesterday, when we asked for details with respect to the agenda, we were given absolutely no information at all.

**Senator Flynn:** Nonsense.

**Senator Perrault:** Some agenda information may have appeared in today's newspapers, but only after today's questioning have we been able to elicit further information in the Senate with respect to the times allocated for meetings. Why was it not possible for the government to provide for honourable senators an official schedule at the outset of today's activities?

**Senator de Cotret:** The honourable senator did not ask me.

**Senator Perrault:** For heaven's sake, information asked yesterday.

**Senator Flynn:** No.

**Senator Perrault:** It is in the *Debates of the Senate*.

**Senator de Cotret:** Had the Leader of the Government or I been asked yesterday how much time had been set aside for substantive meetings, we would have been happy to provide that information. We were asked whether a number of issues were on the agenda, and we gave definitive answers on each of those questions.

**Senator Perrault:** Definitive answers were not provided. Indeed, the Leader of the Government stated that he was not able to divulge that information. Why was it possible to make that information available to the *Gazette*, the *Globe and Mail* and other publications, and not to the Senate?

**Senator Flynn:** Where did you see that?

**Senator Perrault:** We will find it.

**The Hon. the Speaker:** Orders of the Day—

**Senator Perrault:** Mr. Speaker, as reported at page 267 of *Debates of the Senate* for yesterday, when asked about the agenda, Senator Flynn said:

There is certainly an agenda, but I do not think I can make it public at this time.

That was the reply.

**Senator Flynn:** I am sorry, but I will not accept that kind of insinuation. You asked me if there was an agenda. You did not ask me how much time would be available for the Prime Minister and the President to meet. That is quite a different story. If you cannot make that distinction, then I do not know that you belong here.

**Senator Perrault:** Questions relating to the agenda, of course, include the length of the meetings. That is implicit in the question.

**Senator Flynn:** Oh no.

**Senator de Cotret:** I would like to reply to the honourable senator, because the question he asked yesterday was:

Has an agenda been prepared which can be made available for consideration by those who serve in Parliament? I am not asking the minister for confidential details, but rather a list of the general topics to be discussed—

That is not asking for the time allotted for private discussions between the Prime Minister and the President, or, for that matter, a list of the times, and the amount of time set aside for substantive discussion between cabinet ministers on the two sides. Those are two different questions entirely.

**Senator Perrault:** There are other matters that may more usefully be pursued this afternoon, but I suggest that a forthcoming government and a forthcoming minister would cheerfully have divulged the length of the agenda and some of the pertinent highlights.

**Senator Flynn:** I disagree entirely. Had that question been asked yesterday, I would have replied; but it was not asked.

[Translation]

## ENERGY

### IMPORTATION OF OIL FROM MEXICO—REQUEST FOR TABLING OF AGREEMENTS

**Senator Lamontagne:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. In view of the situation in Iran, could he give me today a reply about our Mexican oil imports?

[Senator de Cotret.]

**Senator de Cotret:** No, I shall be happy to give you this information as soon as possible, but I cannot do so today.

**Senator Lamontagne:** When the minister gives me this information will he also undertake to table at the same time the text of the agreements negotiated by the former government with the Government of Mexico?

**Senator de Cotret:** Honourable senators, I am quite willing to do so. However, I shall have to check in case there are difficulties of a formal nature which would prevent the tabling of these agreements before they are signed officially. If there are no such problems, I shall be happy to table the agreements.

## CROWN CORPORATIONS

### OWNERSHIP OF AIR CANADA

**Senator Marchand:** Honourable senators, I have another question for the government leader in the Senate. I have just finished reading the speech made by the minister in its entirety as opposed to a newspaper summary.

I am sorry, but the reply I received yesterday to the effect that there was no question of the government adding Air Canada to the list of crown corporations which will eventually go back to the private sector was quite clear, since the minister said that the government had no intention of proceeding in this manner.

In the last paragraph of his speech—there is no formal statement, but the situation is somewhat different from what the minister suggested—the Minister of Transport said the following:

● (1500)

[English]

In my view the government should not allow ownership of the airline to pass to any single corporation or corporate group. Indeed, I feel strongly that the government should retain a large portion of ownership in Air Canada for some time to come.

[Translation]

So it is surely not excluded that part of Air Canada could be owned either by citizens or private corporations, and only for a limited time. So it is not excluded either that Air Canada might one day be placed on the same list as those crown corporations that are to be turned over to the private sector.

**Senator Flynn:** I agree but I think there is nothing new in that. That has been our position for a long time. In any event, in the foreseeable future, there is no question of Air Canada being privatized.

[English]

## INTERNAL ECONOMY

### STAFF ASSISTANCE FOR SENATORS

**Senator Haidasz:** I should like to ask the Leader of the Government in the Senate a question. In view of the fact that the government has frozen public service hiring, thereby seriously hampering the work of the Canadian Human Rights



Commission, and in view of the fact that he, as the Minister of Justice, has just recently ruled out any hope of establishing the office of a federal ombudsman, would he give kind consideration to improving the working conditions of senators so that we may continue the traditional role of acting as ombudsman for our people?

**Senator Flynn:** I do not know what the question is, exactly. Are you asking me about the Canadian Human Rights Commission and whether its work is being hampered? If so, I do not believe it is. If I understand the end of the question, are you relating the question to our working more efficiently?

**Senator Haidasz:** That is right.

**Senator Flynn:** I have had no complaints about that. If Senator Haidasz is hampered in his work and his duties, we may have the Committee on Internal Economy, Budgets and Administration look into that matter. That would be interesting.

I know, however, that not all senators are in the same situation, because we have addressed that on many occasions before that committee. If Senator Haidasz is unable to do all he wishes to do, I think it is worth consideration by that committee on a priority basis, especially for him.

**Senator Haidasz:** Not especially for me, but for everybody.

**Senator Flynn:** I think your case is rather special.

Before the Orders of the Day are called, I have what may be called delayed answers. Of course, I have to address my friend Senator Steuart first.

## ENVIRONMENT

### POLLUTION BY ACID RAIN

**Senator Flynn:** Senator Steuart asked a question yesterday which was, in effect, a supplementary to his question of October 18. I had promised to report back to Senator Steuart after the Minister of the Environment had indicated to me his department's position on this matter.

There have been local expressions of concern, echoed by the IJC, the sulphur dioxide emissions from the plant could have adverse effects on Montana. However, health and property federal agencies in both countries have concluded that emissions from a 600-megawatt plant would not violate Canadian, Montana or United States federal air quality standards.

No timed decision has yet been announced regarding the second unit. The Saskatchewan government has indicated that it expects to announce shortly its decision on the second unit. Canada stated at the recent hearings that it now believes the second unit can be built and operated in a manner consistent with Canada's obligations under the Boundary Water Treaty.

[Translation]

## FISHERIES

### RESTRICTION ON TRAWLER FISHING IN GULF OF ST. LAWRENCE

**Senator Flynn:** I also have an answer for Senator Marchand about trawlers over 100 feet—I do not know how to convert

that into metres, Senator Lamontagne—fishing in the Gulf of St. Lawrence.

**An Hon. Senator:** You divide by 12.

**Senator Flynn:** No, you multiply by something. I am sorry, but I do not know.

**Senator Langlois:** You have no alternative.

**Senator Flynn:** I have no alternative, no, because I prefer to say so right away than being shown otherwise, as can happen to others.

So I would like to say that the decision in question to allow those trawlers to fish is valid only for the year 1979. It applies only to the last two months of this year. So no decision has been made for the 1980 season.

I have other explanations I could give Senator Marchand, but I believe this answers strictly the questions he asked me.

[English]

## AGRICULTURE

### CHICKEN IMPORT QUOTAS

**Senator de Cotret:** Honourable senators, I have a few points of clarification to questions that were asked recently. In answer to a question put by Senator Argue yesterday I indicated that the Minister of Agriculture was going to be in Rome today. I was asked whether this was an important meeting, and the nature of the trip to Rome.

The Minister of Agriculture will be attending a meeting of the Food and Agricultural Organization of the United Nations, which regroups 145 nations. It is meeting this week in Rome for its twentieth session. The meeting will deal with major trends and policies in food and agriculture worldwide, and focus specifically on a plan of action to strengthen world food security. I am sure Senator Argue would agree that this is, indeed, a very important meeting for us to participate in.

**Senator Argue:** As long as you look after the chickens at home.

**Senator de Cotret:** Even while the feathers are flying, I will look after the chickens at home.

## INTERNATIONAL TRADE

### CANADIAN CONTRACTS WITH ARAB COUNTRIES

**Senator de Cotret:** In answer to a question that was asked on October 30 dealing with our trade with Arab countries, I mentioned that we signed recently an agreement with Saudi Arabia. I should now like to provide the details I did not have at hand then. It is the firm of Arthur Erickson Associates Ltd. They were awarded a \$7 million contract to construct a building for the Ministry of Foreign Affairs in Saudi Arabia. That was signed in the recent past.

## THE ECONOMY

SPEECH OF MINISTER OF STATE FOR ECONOMIC DEVELOPMENT  
TO MONTREAL CHAMBER OF COMMERCE, OCTOBER 16, 1979

**Senator de Cotret:** I should also like to add some comments regarding a question raised by Senator Everett last evening relating to a speech I had given to the Montreal Chamber of Commerce on October 16, 1979. The question referred more specifically to a comment in the prepared text dealing with the Standing Joint Committee on Program Evaluation.

First of all, I should like to repeat that, to the best of my knowledge, I did not speak the words that were in the prepared text. There is a checking against delivery done on most of my speeches. I normally speak from notes, and I do eliminate certain sections with which I am less comfortable.

Senators will recall that in the Speech from the Throne the government indicated its intent to approve sunset legislation and "to provide a regular opportunity for Parliament to judge whether government programs and agencies need continue in their present form, if at all." That is really the statement which led to the specific words that were contained in the speech. Those referred to one of the potential mechanisms that would be used. I do not think I used those words, because at that time it was very tentative, and it still is. It is one of the mechanisms that is under review. If my memory serves me well, when I read the notes of the speech, I deleted that paragraph.

● (1510)

## INTERNATIONAL TRADE

CANADIAN CONTRACTS WITH ARAB COUNTRIES

**Senator Perrault:** Mr. Minister, at the time you undertook, in a very co-operative fashion, to obtain information with respect to contracts in the Middle East, you said you would investigate allegations by Zenith Steel that they had lost a contract worth \$40 million, or whatever the figure was. I wonder if any further information has been obtained on that subject.

**Senator de Cotret:** That question was raised as a result of an article that appeared in the *Toronto Star* of October 26, if I recall correctly.

**Senator Perrault:** That is correct.

**Senator de Cotret:** The only information I have to date—and I hope to be able to give a more complete answer as soon as the information is forthcoming—is that the officials of my department understand that the company has \$43 million at risk. They are one of a large number of Canadian exporting companies that had reported difficulties in contract negotiations during that period, but we believe that those difficulties are largely behind us now. We have information that a number of companies that had had difficulties in negotiations are back at the negotiating tables, and that things are going very well, particularly in Saudi Arabia. We are still investigating the allegations made by this corporation with the object of discov-

[Senator de Cotret.]

ering the exact reason why they were, or were not, awarded the contract, or why the contract was delayed.

## PRIVILEGE

**Senator Lang:** Honourable senators, before I speak to Order No. 2 I would like to raise a point of privilege. I wish to draw the attention of the Senate to the fact that one of our colleagues here is a litter-bug. I do not know whether such disreputable habits are acquired in the House of Commons, and then brought in here, but my friend Senator Marshall, who has now discreetly departed from the chamber, litters my area with discarded material from his desk, not by laying it on the floor but by tearing it up into small pieces. Mr. Speaker, I would hope that you might draw to his attention that this disgusting habit is not completely in conformity with the sense of decorum and order which heretofore has existed in this chamber.

## INCOME TAX ACT CANADA PENSION PLAN

ORDER FOR RESUMPTION OF DEBATE ON SECOND READING  
STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Macdonald, for the second reading of the Bill C-17, intituled: "An Act to amend the statute law relating to income tax and to amend the Canada Pension Plan".—  
(Honourable Senator Lang).

**Senator Lang:** Honourable senators, I am going to ask that this order stand, with a word of explanation.

The Standing Senate Committee on Banking, Trade and Commerce is now engaged in a pre-study of this bill, and the results of that pre-study will be of great value to us in the debate on second reading. I hope that honourable senators will bear with me if I continue to stand this order until such time as the committee's report is forthcoming. That will be very soon, because we all understand the importance of our passing this legislation before the Christmas recess—indeed, it is to be hoped, many weeks before that.

**Senator Flynn:** That is fine. Is it envisaged that once the measure is passed on second reading it will be returned to the committee?

**Senator Lang:** That is not envisaged.

Order stands.



## INCOME TAX CONVENTIONS BILL

## SECOND READING

The Senate resumed from yesterday the debate on the motion of Senator Nurgitz for the second reading of Bill S-4, to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia and Canada and Jamaica.

**Senator Hicks:** Honourable senators, I wish to say only a very few words in relation to this bill, which, of course, is an extension of the policy of treaty making concerning tax conventions with other countries that has been going on for some time.

I think the explanation that Senator Nurgitz gave, when he spoke to the bill yesterday, is quite adequate, and I can find nothing in what he said with which I would want to disagree. I think we are all glad that we have succeeded in negotiating treaties with nine other countries in addition to the 24 with whom we already have tax arrangements that will avoid double taxation and ease the tax burden on Canadian taxpayers, and on the taxpayers of the contracting or treaty-making countries concerned.

I wish that the treaties could be somewhat more uniform, but I realize the difficulties of these negotiations, and I suppose we have to make the best arrangements that we can, even if they cannot all be the same as they relate to income that arises in the United States as compared to income that arises in Romania, Jamaica, or wherever it may be.

Again, Senator Nurgitz pointed out adequately, in my view, the general differences in the treaties with the several countries. He referred particularly to Part X of the bill, which it was appropriate for him to do, because certainly it is an advantage to have a provision in these treaty arrangements that they can be brought up to date without individual pieces of legislation every time there is a tax change, either in the tax laws of Canada or those of the country with which we are entering into a treaty.

I note that Senator Nurgitz proposes that the bill be referred to committee. If there are more detailed questions about any of these arrangements I am sure they can be taken up in the committee concerned.

Thus, though the arrangements are not uniform, I think the treaties generally provide an equitable arrangement on behalf of Canadian taxpayers and on behalf of taxpayers in the other treaty-making countries. We, on our side, support the motion for the second reading of this bill.

**The Hon. the Speaker:** It is moved by the Honourable Senator Nurgitz, seconded by the Honourable Senator Smith (Colchester), that this bill be now read a second time. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read second time.

## REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read a third time?

**Senator Nurgitz** moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

● (1520)

## FUGITIVE OFFENDERS BILL

## SECOND READING

The Senate resumed from Wednesday, October 31, the debate on the motion of Senator Flynn for the second reading of Bill S-8, respecting fugitive offenders in Canada.

**Senator Neiman:** Honourable senators, before getting to my remarks on Bill S-8, I should like to pay my respects to His Honour the Speaker. I have had the pleasure of serving on many committees with Senator Grosart, and I am glad to see that he is presiding here with the same sure grasp of the subject and the same air of sweet reasonableness that he always displayed in committees.

**Hon. Senators:** Hear, hear.

**Senator Neiman:** Of course, he is aided by excellent leaders on both sides of the house.

I should also like to add my congratulations and welcome to all of our new colleagues. It is obvious from the speeches that they have already made that they are bringing to the Senate an excellent range of political, professional and personal experience and wisdom. I might also add that the more balanced political perspective might have a somewhat salutary effect on our deliberations.

The Minister of Justice, in speaking to his motion for the second reading of this bill last week, must have had other important matters on his mind, because he gave us only a partial history of the origin of the bill. I do not mention that by way of criticism. I simply take this opportunity to bring to the attention of the house that considerable work has already been done, both in the Senate and in the Legal and Constitutional Affairs Committee, on the substance of this bill.

In his opening remarks last week, the Minister of Justice referred to the first predecessor of this bill, which was introduced a year ago last spring during the third session of the last Parliament. As Senator Flynn mentioned, it received first reading in January, and second and third readings during the month of February. On February 22, after having been referred to the Standing Senate Committee on Legal and Constitutional Affairs, it received third reading.

The committee was unusually kind insofar as the bill was concerned, and it passed without amendment. I do not know whether it was because the then Minister of Justice, the Honourable Ron Basford, was appearing before the committee for the last time in that capacity, but the bill did pass without amendment. That bill did not pass all stages in the other place

in that session and was re-introduced, together with some substantive changes, as Bill S-9 in the fourth session, specifically in November 1978. At that time it received much more comprehensive consideration by honourable senators, again both in the house and in committee.

Senator McLraith, in introducing Bill S-9, brought to our attention the fact that there were some changes over the bill which was considered in the third session. These changes were mostly of a minor character and editorial in nature. However, he did refer to certain clauses, one of which he found troublesome and it is one which I shall refer to a little later, that being the clause which defines a political offence. During the ensuing debate, it became clear that a number of us found the definition that was in the bill at that time rather obscure and not very helpful.

Another clause that received considerable attention at all stages was clause 18, dealing with ministerial discretion to refuse to return an alleged fugitive offender. It is still clause 18 in the present bill. Most of us expressed concern on the matter of ministerial discretion as set out in the first predecessor bill, and when the measure was re-introduced as Bill S-9 there was quite a change. The substantive change that was made in that particular clause related to the grounds on which the minister could decide not to return an offender. Those grounds were changed substantially, and the interesting thing—and perhaps the minister can explain this later on—is that in the measure now before us the government has reverted to the grounds set out in the original predecessor bill.

Clause 18(1) now commences:

The Governor in Council may, by order, direct the Minister—

And I agree with the sponsor of the bill that having the Governor in Council exercise this discretion is an excellent change, and one that is fresh to this bill. However, the grounds on which this is done are now set out to be:

—where the fugitive offender would be likely to suffer the death penalty for the returnable offence in respect of which his return is requested—

In Bill S-9, that clause had been changed to read that the minister could exercise his discretion and refuse to order the surrender of a fugitive offender where it appeared to him that that fugitive offender would be likely to “suffer an excessively severe or inhumane punishment.” That represents a substantial difference.

Honourable senators may recall that this bill was twice before the committee, and we finally did pass it in that form. It is for that reason that I am curious now as to why the draftsmen have reverted to the grounds as set out in the original predecessor bill.

We heard testimony to the effect that the agreement reached with the Commonwealth countries upon which many of these clauses are based contained the wording that was incorporated in Bill S-9, the immediately preceding bill, so I would appreciate an explanation of why we have gone back to this particular wording.

● (1530)

One other thing that was done during the course of the discussion on the previous bill, Bill S-9, was to change the definition of “offence of a political character” which is contained in clause 2, the interpretation clause of the bill. That remains the same in this bill, but there again the minister might like to enlighten us, because it is my recollection that he himself was a little unhappy with the amended version, although that definition was much improved over the first version in the old Bill S-8. You were unhappy with this version as well, Mr. Minister, and yet it has been allowed to stand.

The other major point I would like to refer to briefly is that connected with the bail provisions. It was pointed out by Senator McLraith, when he sponsored this measure previously as Bill S-9, that the clause here, which is again clause 8, dealing with bail provisions, places the onus on the alleged defendant to prove why he should be granted bail. I recollect also that Senator Asselin took exception to this, and it is a clause to which I also take exception. I am referring to clause 8, subclause (3), “Detention of fugitive offender.” I cannot understand why the onus has been shifted to the accused. I can see no more reason for doing it in this particular act than I can see for doing it in any other act, and I find this trend in the criminal law to be very unfortunate and one we should not encourage.

Honourable senators, I think there are probably a few other points in this bill that should be considered, but those to me are the main ones. I feel that they require some clarification. I know the minister has been a distinguished member of the Legal and Constitutional Affairs Committee for many years, and I hope he will avail himself of the opportunity to appear before it in his more elevated and important capacity by referring this bill to that committee. I think the questions I have raised are ones that could be explored a little further, and I should also like to have some further explanation of the possible impingement of the Immigration Act on certain sections of the two acts here—the Fugitive Offenders Act and the Extradition Act—because I think that in the case of people who have been granted landed immigrant status there could possibly be some procedural problems involved.

I would make just one further technical suggestion to whoever deals with such things. I think it would be very helpful if this bill were to include in its title a reference to the Extradition Act. The title of this bill should indicate that it covers not only the Fugitive Offenders Act but also the Extradition Act.

**Senator Flynn:** Honourable senators—

**The Hon. the Speaker:** Honourable senators, it is my duty under rule 30 to inform the Senate that if the Honourable Senator Flynn speaks now, other than to merely answer a question, his speech will have the effect of closing the debate on second reading of this bill.

**Senator Flynn:** Honourable senators, I thank Senator Neiman very sincerely indeed for her observations. I am very interested in many of the points she raised, particularly in the suggestion that the bill's title is wrong or not sufficiently



descriptive. It is true that every time I look at the title and the words "fugitive offenders in Canada" I feel that it really covers provisions for extradition arrangements with other Commonwealth countries. I think something should be done about that, and I shall certainly ask my officials to look into the question of a change in title. At first sight, I would certainly say that Senator Neiman is entirely right.

With respect to clause 18, the honourable senator mentioned that the main change was that the discretion is not given to the minister, but to the Governor in Council, and I think that is an improvement, as she said. But as far as the rest of the clause is concerned, the changes meet with the provisions of the extradition treaties we have with other countries. In any case, that can be examined more thoroughly when the bill is before committee.

With regard to the problem of political offences, I remember very well that my objection was that the reference was only to the murder of the head of state, including any member of a collegial body performing the function of head of state, the head of a government and a minister of foreign affairs. I think I mentioned that the murder of the minister of justice, for instance, could be interpreted as an offence of a political character. I was in somewhat of a dilemma as to whether I should bring myself under this umbrella. Anyway, as far as this is concerned, it too can be discussed in committee because I think the idea is to try to meet the general standards we find in extradition treaties. But if there is any way in which we could cover more than that, then I would have no objection.

I am very pleased also to tell honourable senators, and the Honourable Senator Neiman in particular, that I want this bill referred to the Standing Senate Committee on Legal and Constitutional Affairs so that it might be examined. I am certainly open to any suggestions for improvement that might be made in committee.

Motion agreed to and bill read second time.

#### REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Flynn** moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

● (1540)

#### HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

##### MOTION FOR ESTABLISHMENT OF JOINT COMMITTEE—DEBATE ADJOURNED

**Senator Haidasz**, pursuant to notice of Tuesday, October 16, 1979, moved:

That a standing joint committee of the Senate and House of Commons, to be known as the Joint Committee on Human Rights and Fundamental Freedoms, be appointed to inquire into any matter relating to the protection of human rights and fundamental freedoms;

That eight Members of the Senate, to be designated at a later date, act on behalf of the Senate as members of the said Joint Committee; and

That a message be sent to the House of Commons requesting that House to unite with the Senate for the above purpose, and to select, if the House deems it advisable, some of its Members to act on the proposed Joint Committee.

He said: Honourable senators, I welcome this opportunity of moving and speaking to the motion I gave notice of on October 16 last, that a standing joint committee of the Senate and House of Commons, to be known as the Joint Committee on Human Rights and Fundamental Freedoms, be appointed to inquire into any matter relating to the protection of human rights and fundamental freedoms. In the previous parliament I proposed a similar motion, but was unable to proceed as dissolution came upon us swiftly, if not unexpectedly.

The origins of human rights can be traced back to the historic movements for freedom and equality, as well as to the inspiration provided by the great religions and philosophies of the world that affirm the dignity and worth of the individual. Human rights have recently emerged on the centre stage of international affairs, and most recently were given great support and importance by Pope John Paul II on October 2 last in his memorable address to the United Nations, which I had the privilege of attending.

As interest and activity in respect of human rights are gathering more momentum and importance throughout the world, we can truly and proudly say that Canada has indeed played a prominent role in this field. Along with some other western democracies, Canada has achieved quite a good reputation, even though one must admit that no country has an unblemished human rights record.

In my introductory remarks, I should like to mention that most of the efforts of Canadian parliamentarians thus far in the field of human rights, and especially over the past five years, were concentrated on the provisions of basket number three of the Final Act of Helsinki. Of much concern to the Canadian government, as well as to many parliamentarians and people across this country, is the fate of the provisions of the Final Act of Helsinki to which Canada, the United States, and all the countries of Europe except Albania are signatories, since August 1, 1975. The Final Act of Helsinki was the product of long and tedious discussions and negotiations at the Conference on Security and Co-operation in Europe. During the conference, Canada made a significant contribution to the human rights provisions of the so-called basket number three.

The Conference on Security and Co-operation in Europe and the Belgrade Review Meeting have been the forum not only for discussion of human rights questions, but also for international political confrontation. The participant states have rivalled one another in producing allegations and counter-allegations of violations of human rights in particular. Although solemn declarations were made by the heads of state to act upon the provisions of the Final Act of Helsinki, human

rights are still being violated. In many countries human rights abuses still occur, but most people cannot flee or seek to have their rights respected. Individuals and organized groups of citizens monitoring the implementation of the provisions of the Helsinki Accords are often harassed or even punished.

Nonetheless, the participating states that signed the Final Act of Helsinki resolved to continue the multilateral process initiated by the conference by proceeding to a thorough exchange of views on the implementation of the provisions of the Final Act, and by organizing follow-up meetings.

As a result, many interested and concerned members of Parliament and senators gathered in Ottawa on July 14, 1977, to form a Canadian Parliamentary Helsinki Group. This group is a voluntary, informal, *ad hoc* body composed of several senators and members of Parliament of all parties for the purpose of providing a focus for public and parliamentary interest in the work of the follow-up meetings of the Final Act of Helsinki.

Twenty members of this group attended, as parliamentary observers, the Belgrade Review Meeting which was held from October 1977 to March 1978. The last meeting of this group was held in Ottawa on March 15, 1979, when they heard briefs from a number of Canadian non-governmental groups, the Canadian Committee of Captive European Nations, and other national organizations concerned with the implementation of the provisions of the Final Act of Helsinki and the concluding document of the Belgrade meeting. A frank and productive exchange of views took place on that day. In the course of the discussions, the point was made that the current parliamentary structure for dealing with the monitoring process of the Helsinki Accords and the preparations for the Madrid meeting in November 1980 is logistically inadequate, both in Parliament and in the Department of External Affairs.

To try to improve the group's effectiveness, three recommendations were made, one of which urged the formation of a permanent joint Senate and House of Commons committee to monitor the Helsinki Accords and other international conventions concerning the protection of human rights. We are now faced with the raised expectation of interested groups who desire to have a formal channel for participation in the Helsinki monitoring process.

On the international scene, an appeal was made recently by Matthew Nimetz, legal adviser to Cyrus Vance at the U.S. State Department, during a speech at the recent meeting in New York City of the National Inter-religious Task Force on Soviet Jewry, calling for greater progress in all provisions of the Helsinki Accords and especially in the field of human rights and international security. He condemned, in particular, the U.S.S.R. for making its commitment to the Helsinki Act a farce by refusing to implement its provisions, and by continuing its repression of citizens' monitoring groups. Mr. Nimetz also criticized the Government of the Czechoslovak Socialist Republic for its harassment of the Charter 77 members and the recent trials and imprisonment of six of its prominent activists.

[Senator Haidasz.]

The specially organized commission of the U.S. Congress dealing with the Conference on Security and Co-operation in Europe is very active and effective in monitoring the implementation of the Helsinki Accords. I am hopeful that Canadian parliamentarians will reactivate their efforts in this regard in the very near future.

The United Nations, which rose from the ashes of the Second World War, established high standards of human rights. The Universal Declaration of Human Rights adopted by the General Assembly of the United Nations in 1948 established basic parameters which gave birth to many international covenants and protocols defining more specifically standards of behaviour to which Canada has become a party, and which had a catalytic effect on the evolution of human rights legislation in our country. Today all Canadian provinces have statutes respecting human rights and have established human rights commissions. Some provinces have the office of ombudsman in operation.

In the federal field, Parliament enacted in 1960 the Canadian Bill of Rights entitled "An Act for the Recognition and Protection of Human Rights and Fundamental Freedoms." In 1968, Mr. Trudeau, as Minister of Justice, proposed a constitutionally entrenched Canadian charter of human rights, but unfortunately this proposal and subsequent ones were not realized.

● (1550)

However, the culmination of these efforts was the Canadian Human Rights Act sponsored by the previous federal government under the leadership of the Right Honourable Pierre Elliott Trudeau, and given royal assent in this chamber on July 14, 1977. That act assured equal opportunities and privacy for individuals, and established a Human Rights Commission to enforce the legislation.

Increasingly, human rights have become an important cornerstone of Canadian foreign policy. Canada has a representative today on the United Nations Human Rights Commission and our country has made great efforts to relieve the plight of refugees from many countries.

More recently, on September 25 of this year, the Secretary of State for External Affairs for Canada devoted most of her first UN address to human rights issues, and called for better ways to deal with gross violations. She supported the formation of an office of a high commissioner for human rights and even proposed that the General Assembly establish a position of undersecretary general for human rights. But too often at this time the efforts and talents of delegations are devoted to the goal of political advantage, and so positive action in this matter has been postponed.

While the United Nations Assembly is trying to sort out its problems, the Canadian Parliament can and should take strong and fresh initiatives to stand up for human rights at home and abroad. The debates and actions of parliamentarians in Ottawa should be relevant to the needs and hopes of our people, or else our credibility will be jeopardized.



The talents and work of senators and members of Parliament should be better mobilized and steered to deal with the outstanding problems that are still debasing our society. There is still work to be done to eradicate prejudice, discrimination and racism in our own midst.

Several studies and task forces over the last five years, conducted on behalf of all levels of government by highly regarded and credible individuals, have pointed out with hard data that racial prejudice in individuals and in institutions exists and has been in varying degrees, if not openly accepted and condoned, at least quietly tolerated. Only two weeks ago the thoughtful and alarming report prepared by His Eminence Emmett Gerald Cardinal Carter of Toronto, called upon the Metropolitan Toronto municipal government to act urgently on race relations between the Toronto police force and the city's ethnic minorities.

On the national scene the Senate and House of Commons can and should, indeed will have to, play a more important role in these human rights issues, owing to the fact that the government has recently cut resources for the Canadian Human Rights Commission, and bearing in mind that the Secretary of State expressed only a few days ago that there would not be a proposal to establish a federal ombudsman.

Therefore, to deal adequately and swiftly with the many and varied human rights problems existing today, I propose for urgent consideration by honourable senators the establishment of a joint Senate and House of Commons committee on human rights and fundamental freedoms. Uniting the efforts of both

houses of Parliament would add to the completeness and prestige of our work, and would eliminate delays, duplication costs and manpower problems. Such a formal committee, with adequate powers and broad terms, would raise the human rights issue to its rightful importance. It would mean giving it our urgent and profound attention on a regular basis and, more important, it would serve as an additional vehicle, indeed a more effective machine, for championing the rights of our citizens and our fellow men elsewhere.

Our affirmative action on the motion would help meet the challenge and the needs of those people and organizations who expect parliamentary action. A good starting point would be the study of a special report incorporating recommendations from the National Conference on Human Rights in Canada, which took place in Ottawa on December 8 to 10, 1978, presented to Parliament by the Canadian Human Rights Commission in January 1979.

Honourable senators, if there is wisdom among us, and I believe there is, and if there is the will, as I believe there should be, and if there is experience, as I am sure there is, then these qualities should be welded and employed in the best way to defend and preserve human rights and fundamental freedoms. I therefore urge honourable senators to take up this challenge with a sense of urgency and determination. This will be, then, another great opportunity for our Parliament to serve our people.

On motion of Senator Bosa, debate adjourned.

The Senate adjourned until Tuesday, November 13, at 8 p.m.

## APPENDIX

(See p. 284)

## THE ESTIMATES

SUPPLEMENTARY ESTIMATES (A)  
REPORT OF NATIONAL FINANCE COMMITTEE

November 8, 1979

The Standing Senate Committee on National Finance to which the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1980, were referred, has in obedience to the order of reference of Thursday, November 1, 1979, examined the said Supplementary Estimates (A) and reports as follows:

(1) The Committee was authorized by the Senate as recorded in the Minutes and Proceedings of the Senate of November 1, 1979 to examine and report upon the expenditures proposed by the Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1980.

(2) In obedience to the foregoing, your Committee examined the Supplementary Estimates (A) and heard evidence from the following officials of the Treasury Board: the Honourable S. M. Stevens, President; Mr. J. Manion, Secretary; Mr. L. J. O'Toole, Assistant Secretary; Mr. E. A. Radburn, Director, Estimates Division, Program Branch; Mr. E. R. Stimpson, Director, Expenditure Analysis Division, Program Branch.

(3) These Supplementary Estimates (A) total \$1,001 million which represent funds for which Parliament is being asked to provide new authority. The budgetary expenditures total \$947 million and the non-budgetary expenses, that is to say, loans, investments, and advances amount to \$54 million. The total estimates for the fiscal year ending March 31, 1980 are now increased to \$53,915 million.

(4) In these Supplementary Estimates some of the major items are:

- \$835 million for Energy, Mines and Resources to increase oil compensation payments
- \$67 million for the Department of Transport to cover payments to VIA Rail Canada Inc.
- \$36 million for Supply and Services to increase the amount that may be outstanding at any time under the Supply Revolving Fund.
- \$10 million for the Department of Communications for contributions to Telesat Canada in connection with the Anik D spacecraft.

(5) Treasury Board supplied the Committee with a list explaining the \$1 items for Supplementary Estimates (A) which is attached as an Appendix to this Report.

(6) The Committee discovered that the government had intended to use the Main Estimates to provide the legislative

basis for a national home insulation program which will eventually cost hundreds of millions of dollars. Mr. O'Toole, Assistant Secretary, Treasury Board Program Branch, mentioned that hundreds of government programs have in fact been introduced by using estimates, main or supplementary.

The Committee is extremely concerned with a practice which allows introduction of major government programs without ensuring satisfactory Parliamentary scrutiny. While the Committee has objected for many years to the use of 'dollar votes' to amend existing legislation, the general practice of providing programs with their original legislative authority in an appropriations act is far more deleterious to effective Parliamentary consideration of the government's activities.

The Committee recognizes that insisting that no program have its legislative base solely in an appropriations act would have major implications for the legislative calendar. Thus additional information is required to determine the extent of the practice and the Committee will report further on this matter in its report on the Main Estimates for the fiscal year 1979-80.

Respectfully submitted,

D. D. EVERETT,  
*Chairman.*

## APPENDIX TO REPORT

LIST OF ONE DOLLAR VOTES  
INCLUDED IN

## SUPPLEMENTARY ESTIMATES (A), 1979-80

The 12 one dollar votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These one dollar votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I according to these categories. The category for each vote has been designated by an "X". In those instance where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an "\*".

A. Five votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).



B. Five votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates).

C. Two other votes:

—one Vote to authorize the guarantee of a loan; and

—one Vote to authorize the payment of increased pensions.

(Additional explanations are provided in Appendix II).

Estimates Division  
Treasury Board  
October 22, 1979

#### APPENDIX I

##### ADDITIONAL EXPLANATIONS

###### Category C

###### Agriculture

**Vote 15a**—To authorize the guarantee of a loan to Canfarm Co-operative Services Limited in the amount of \$4 million.

**Explanation**—The Canfarm Services Program of the Department of Agriculture was privatized effective April 1, 1979. To effect an orderly transfer of Canfarm to the private sector, the government agreed to provide a loan guarantee of up to \$4 million to cover the necessary line of credit to be extended to the newly formed Canfarm Co-operative Services Limited by its principle lending agencies (Canadian Co-operative Credit Society, Co-operative Insurance and Co-operative Trust Company of Canada). Provision for the government loan guarantee was included in 1978-79 final Supplementary Estimates but was not approved prior to dissolution of Parliament.

In order to carry on with the privatization, an interim government loan was authorized on conditions no more favourable than could have been achieved under the loan guarantee. With the Parliamentary authority for the \$4 million loan guarantee, the interim loan will be paid back to the government when the loans outstanding are transferred to the private sector.

###### Solicitor General

**Vote 15a**—To authorize the payment of pensions to the survivors of two former penitentiary officers at the same rate as members of the Royal Canadian Mounted Police.

**Explanation**—The families of two deceased penitentiary officers, who were killed in the fall of 1978 while on duty, would normally receive pensions at the rates payable under the Government Employees Compensation Act. Authority is requested by this Supplementary Estimate to provide pensions to the survivors at the same rates which they would have been paid had the officers been members of the Royal Canadian Mounted Police at the time of their deaths. This item is proposed because pensions payable under the Government Employees Compensation Act are inadequate to support the families of the deceased officers. Provision has been made to ensure that double payment of pensions does not occur.

Similar provisions were made in 1964-65 (Supplementary Estimates (A) and (B)), 1975-76 (Supplementary Estimates (A)), and 1978-79 (Supplementary Estimates (A)) for other officers killed while on duty. This item was included but not approved in 1978-79 (Supplementary Estimates (B)).

#### APPENDIX II

##### List of \$1 Votes in Supplementary Estimates (A), 1979-1980

Page	Department or Agency	Vote	Categories		
			A	B	C
6	Agriculture	15a			x
10	—Canadian Livestock Feed Board	50a	x		
14	Consumer and Corporate Affairs	5a	x		
16	Employment and Immigration				
	—Canada Employment and Immigration Council	15a		x	
18		20a	x		
24	External Affairs				
	—Canadian International Development Agency	30a		x	
38	Public Works	40a	x		
40	—Canada Mortgage and Housing Corporation	51a	x		
44	Secretary of State	20a	*	x	
48	Solicitor General	5a		*	x
52	Transport	60a		x	
54		90a		x	

## THE SENATE

Tuesday, November 13, 1979

The Senate met at 8 p.m., the Speaker in the Chair.  
Prayers.

### BORROWING AUTHORITY BILL, 1979-80

#### FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-10, to provide supplementary borrowing authority for the fiscal year 1979-80.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the second time?

**Senator Roblin**, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Copies of report of the Administrator under the *Anti-Inflation Act*, pursuant to section 17(3) of the said Act, Chapter 75, Statutes of Canada, 1974-75-76, regarding the reference on Bendix Heavy Vehicle Systems Ltd., London, Ontario, dated November 7, 1979.

Copies of Documents respecting Government Regulation of the Beaufort Sea Drilling Season, 1979, and, in particular, operations at the Nerlerk M-98 Well.

Report of the Correctional Investigator for the period June 1, 1977 to May 31, 1978, issued by the Department of the Solicitor General.

Report of the Department of External Affairs for the year ended December 31, 1978, pursuant to section 6 of the *Department of External Affairs Act*, Chapter E-20, R.S.C., 1970.

### STANDING RULES AND ORDERS

#### FIRST REPORT OF COMMITTEE PRESENTED

**Senator Molson**, Chairman of the Committee on Standing Rules and Orders, presented the following report:

Tuesday, November 13, 1979

The Committee on Standing Rules and Orders to which was referred Rule 49(1)(c), has in obedience to its Order

of Reference of Wednesday, October 31, 1979, examined the said Rule and presents its First Report, as follows:

Your committee recommends that Rule 49 be amended to read as follows:

49. (1) Voting in the Senate shall be as follows. The Speaker shall call for the "yeas" and "nays" and shall thereupon decide whether the motion has carried. In the absence of a request for a standing vote, his decision shall be final. Upon the request of any two senators before the Senate takes up other business, the Speaker shall call for a standing vote and the "yeas" shall first rise in their places, then the "nays", then the "abstentions". Voting on the question shall be without debate: provided that

(a) the Speaker may vote but shall not be obliged to vote;

(b) a senator shall not be entitled to vote upon any question in which he has any pecuniary interest whatsoever, not held in common with the rest of the Canadian subjects of the Crown, and the vote of any senator so interested shall be disallowed;

(2) Questions arising in the Senate shall be decided by a majority of "yeas" or "nays", and when such voices are equal the decision shall be deemed to be in the negative.

Respectfully submitted,

Hartland de M. Molson,  
Chairman

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

**Senator Molson:** I move that it be taken into consideration at the next sitting of the Senate, but I should like, with leave, to say a few words of comment.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

**Senator Molson:** I shall be very happy to deal with it tomorrow. It is not an involved affair. In effect, all this amendment does is to permit a senator to declare his wish to abstain from voting and to remain in the chamber while the vote is called. There is little change in the wording. All the appropriate words are underlined. When honourable senators have read it, I believe they will agree that it is a suitable change to make at this time.



● (2010)

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

## QUESTION PERIOD

[English]

### ENERGY

#### DOMESTIC OIL PRICE—FEDERAL-PROVINCIAL NEGOTIATIONS

**Senator Olson:** Honourable senators, I should like to direct a question to either the Leader of the Government in the Senate or the Minister of Industry, Trade and Commerce. Now that everyone in Canada knows what the energy package is going to be, will they now report the facts to this house so that we too might know?

**Senator Flynn:** Surely the honourable senator is not suggesting that, unlike the rest of Canadians, he does not read the newspapers?

**Senator Olson:** Honourable senators, if the Leader of the Government and other ministers want this house to be informed secondhand from newspaper reports, then that is one way it can be done. But I believe they have a responsibility to carry messages about government policy directly to this chamber.

Of course I have read the newspapers, but with the massive leaks, either inadvertent or deliberate, it seems to me that my prophecy of a few days ago that they have been almost on the fringe of misleading this house is increasingly becoming true.

**Hon. Senators:** Oh, oh!

**Senator Olson:** Because they kept telling us that while the answers to the questions were designed to lead members of this house to believe that an agreement was imminent in the next few days, they then hung their hats on the energy conference that was held yesterday, suggesting that there would be an agreement then. But we still do not know anything from what has been brought into this house. We know what has been published in the newspapers.

The least they could do is confirm which of those press reports are accurate. Are we going to have a 30 cents per gallon excise tax on gasoline, for example? Are we going to move the equivalent of gas prices, which was 85 per cent of oil prices, down or up, and so on? There are a number of questions that have not been answered. The ministers responsible have an obligation to inform this house what the government's policy is, because we certainly do not know it yet—at least, not from them directly.

**Senator Flynn:** The honourable senator said that all Canadians knew except the members of this house. I was surprised at his comment, and that is why I made my earlier reply. If the

rest of Canadians know, then I do not see why the honourable senator should make an exception for those of us in this chamber.

Following the conference yesterday, the Prime Minister said that consensus was reached only on the need for oil self-sufficiency and that the other elements of the conference mentioned by the honourable senator were still the object of negotiation. It seems to me that the Prime Minister is continuing negotiations, and if an agreement was not reached yesterday it does not mean one will not be reached in the near future. I suggest it should be the hope of everyone, as it is the hope of the government, that there be a negotiated settlement. I do not think I need to say more than that at this time. The honourable senator has been misinformed by the press report as to the comments made by the Prime Minister yesterday.

**Senator Olson:** A supplementary question: Is it government policy that the price of crude oil ought to rise by \$4 per barrel in 1980, and that the national gas equivalent ought to be changed to 65 per cent, but move up at the same rate in 1980? These seem to be well-planned leaks. I want to know what the government's position is.

**Senator de Cotret:** Honourable senator, you will recognize that the price of natural resources is a matter for agreement to be reached between the Government of Canada and the governments of the producing provinces. If I recall correctly, last week the honourable senator asked a number of questions in an effort to elicit from me information as to whether or not there had been made a preconceived, secret deal of any kind. At that time I tried to explain the constitutional requirements of arrangements with regard to the pricing of natural resources. The conference on Monday was not designed to reach an agreement on energy prices, because, again, constitutionally, any agreement on energy prices must be arrived at between the federal government and the producing provinces. Negotiations to that end are continuing, and we still expect to reach a negotiated settlement that will be agreeable to the producing provinces and to the federal government, and that will be acceptable to all Canadians with regard to the goal of achieving self-sufficiency by 1990.

In the pricing area a number of formulas have been put on the table by one party or another, and by the consuming provinces, for that matter. These are still under active consideration. What we have stated, as a government, and which is a matter of public policy, is that we want to ensure that this country is self-sufficient in energy by 1990, so that our citizens, by that time, will no longer be open to the vagaries of decisions on pricing taken offshore, and so that we will have our energy destiny in our own hands. That is the policy we are pursuing.

We have also stated that to achieve that goal of self-sufficiency by 1990, we would have to accommodate an increase in the price of crude oil in this country, not to world levels but approaching world levels, and always to remain below the gate price at Chicago. That is the policy we are pursuing.

**Senator Olson:** Honourable senators, that is a very interesting and perhaps laudable objective. I should not say "perhaps"; it is a very laudable objective. However, we always get the statement: "This is the policy we are pursuing." Could we, instead, have some of the details of the policy so that we can see how it is going to work out, and so that the members of this house and the people involved in the industry may make their assessment of whether or not the methods and procedures within that policy are going to be capable of reaching the very laudable objective of self-sufficiency by 1990?

**Senator de Cotret:** Yes, certainly. We are in the midst of an important discussion with the producing provinces, as we are with the consuming provinces, and as soon as we reach a negotiated agreement, which we feel is imminent, we will put the full details of the energy policy of this government before this chamber, as we will before the other place. We will be happy at that point to answer any questions or give any further explanations as to how this country is going to reach self-sufficiency by 1990. It is not a question, of course, of whether or not we will get there; we must get there. We cannot any longer afford the luxury in this country of being exposed to decisions taken outside this country—decisions that have an important impact on the lives of Canadians from coast to coast.

● (2020)

**Senator Olson:** I have a final supplementary. The Leader of the Government always smiles when I say "final," but I do mean it. When the details of the negotiations that are now going on come to fruition—and I hope the minister is right when he says that it will be later this week or early next week—is he then going to outline to this chamber and to the rest of Canada what the program is to be through the eighties to reach the objective in the nineties, or will we be hearing only what is going to happen over the first year?

**Senator de Cotret:** No. I think that is a very pertinent question. It is our purpose to be able to put, in the energy sector as in all sectors that are important to Canadians in the field of economic development, a long-term plan in focus. We will be happy at that point to indicate not only what is likely to happen in 1980 but what is likely to happen down the road, so that Canadians can make their own plans accordingly. We will certainly present a comprehensive package of policies that will not be short-term but long-term and will achieve the goal that we are pursuing.

**Senator Flynn:** May I just intervene at this point? The Prime Minister made a statement yesterday in the House of Commons, after the conclusion of the First Ministers' Conference, which I thought was available to all honourable senators. It consists of a full page of *Hansard*. I could read it, or, if you think it is going to be helpful to those senators who do not read *Hansard* of the other place, it could be appended to our *Hansard*.

**Senator Olson:** On a point of order, Mr. Speaker and honourable senators, I think that is a good idea. I do not assume, though, that because something is said in the other place that we automatically and instantly know about it

[Senator de Cotret.]

here. I would like the Leader of the Government to take into consideration that that statement was probably made—although I was not there—when the Prime Minister asked to revert to motions, following which members from the opposition parties were given an opportunity to reply. If the Leader of the Government is going to pursue that course, I would applaud him for doing so. Perhaps he will also follow the practice of the other place and make statements of government policy on motions or through some other device so that we could make some reply to them.

**Senator Flynn:** That is a technical problem.

## TRANSPORT

### DERAILMENT AT MISSISSAUGA—ACTION TO AVOID SIMILAR OCCURRENCE

[Translation]

**Senator Marchand:** Honourable senators, my question is directed to the Leader of the Government following the rather terrible accident that happened in Mississauga. I understand, of course, that the only thing the government can now do is to order an investigation to determine the causes of the accident. However, in the meantime and until the results of that inquiry are known, what contingency measures does the government intend to take? Will it use other means of transportation to ship hazardous products or take precautions that were not taken up to now?

In any event, I do not want to know the outcome of the investigation, because you could hardly enlighten me, and I will have to wait like everyone else. However, in the meantime I think that the government should take contingency measures, and I want to know whether this has been done.

**Senator Flynn:** The question of rerouting such freight trains so that they by-pass urban centres is now under consideration.

Moreover, as my honourable friend knows, a bill introduced last year and soon to be tabled, is designed to deal with part of that problem. I do not think that the condition can be corrected by that piece of legislation alone, but it can surely be partly solved.

I think that the Department of Transport is now considering some measures of precaution to prevent the recurrence of such an unfortunate accident.

**Senator Marchand:** Honourable senators, I have another question for the government leader about one of the problems with which I am quite familiar. In many places in Canada, the railway tracks leave much to be desired. This is not the government's fault; it is due to the size of our cars. It probably means that maybe some other means of transportation should be considered. However, we shall then have to face the problem of trucking which the provinces want to keep under their jurisdiction and which, under Part III of the Transportation Act—that has never been enacted anyway—we wanted to put under federal jurisdiction. Are all those means being considered right now?



**Senator Flynn:** I can give this assurance to the honourable senator.

[English]

## ENERGY

### PRICE OF DOMESTIC OIL—STATEMENTS BY PREMIER OF ONTARIO

**Senator Bosa:** Honourable senators, I should like to ask a question of the Minister of Industry, Trade and Commerce.

What is the minister's response to the serious concerns that have been expressed by Premier Davis over the weekend concerning the effects on the economy of moving the price of domestic oil towards international prices, and the possibility of thus creating a recession?

**Senator de Cotret:** I think my response has to be a straightforward one—

**Senator Lamontagne:** Fine.

**Senator de Cotret:**—as is always the case.

We are conscious of the fact that the types of studies that were conducted by the Government of Ontario, the impact studies, require a great number of assumptions, such as, given that there is going to be an increase in the cost of crude oil, who will get the benefits of that increase; what will the recipients of the increase do with the funds available as a result of this increase that would not have been there otherwise; and how will the offsetting-package, to the extent that there will be an offsetting-package, work? Those are a great many assumptions.

I can only tell you that the assumptions that I would make and my government would make are probably quite different from those being made by the Government of Ontario, because the results I look at do not coincide with those of the Government of Ontario.

**Senator Bosa:** I have a supplementary question. What is the relationship between the stated government policy of achieving self-sufficiency—doing that by moving the cost of domestic oil to world levels—and the cost of production and research?

**Senator de Cotret:** If I may answer the last part of the question first, I do not think there is any direct relationship between the price of petroleum products and the cost of research. In terms of the cost of production, there is no question that, to the extent that energy materials are an input to the process of production, an increase in the price of these energy products would lead to an increase in the cost of production. That follows quite directly.

The question that I think has to be then asked is: What happens with the offsetting revenues that accrue to the economy as a result of the increase in the cost of energy products? Depending on the answer you can give to that, the overall results to the economy in terms of inflationary impact, the impact on the gross national product and the impact on employment and unemployment, will vary.

**Senator Bosa:** I have one final supplementary question. Let us suppose the OPEC countries decide to double the price of

oil over the next few weeks. What bearing would that have on the cost of production and the cost of oil research in Canada?

• (2030)

**Senator de Cotret:** I am pleased that the honourable senator asked that question, because that is the very reason for our wanting to move to self-sufficiency in energy. We do not want Canadians to be subjected to price variations that occur as a result of decisions taken offshore.

In terms of the policy, there would be no impact. What we are really talking about in terms of the domestic price of crude is that price that is required to get us to a position of self-sufficiency by 1990. We want to eliminate for Canadians that terrible uncertainty that is generated by the fact that we are at the moment importing a significant amount of offshore energy resources and are, as a result, subject to pricing decisions that are taken outside the borders of this country.

## FOREIGN AFFAIRS

### HAITI—DISTURBANCE AT HUMAN RIGHTS MEETING

[Translation]

**Senator Deschatelets:** Honourable senators, I have a question for the Minister of State for CIDA of which I gave him previous notice.

Last weekend, press reports informed us that during a conference on human rights held in Port-au-Prince, Haiti, a brawl occurred between participants and Haitian policemen and that one or more secretaries of the Canadian embassy in Port-au-Prince were allegedly molested. Could the minister tell us what happened and whether the facts have been truthfully reported. Furthermore, I would like to know whether an explanation of the incident has been asked of the Government of Haiti.

**Senator Asselin:** Honourable senators, first I would like to thank Senator Deschatelets for giving me notice of his question.

On inquiry, I was informed of the following facts: representatives of several countries, namely the United States, West Germany, Canada and France, as well as representatives of the Organization of American States had been invited to a meeting in Port-au-Prince, under the auspices of a Haitian association, in order to discuss human rights. The meeting had been under way for only five minutes when people in civilian clothes, but who could not be identified as civilians or soldiers, burst into the room, smashed chairs and molested some embassy personnel, including Canadian staff members. The Canadians who were molested were the first and second secretaries.

The Canadian ambassador in Port-au-Prince immediately sent a note to the Haitian government stating that it was

deeply moved by this incident that seemed to be a step backward for human rights which are an important commitment for Canada.

The Canadian ambassador has asked to meet the Haitian Foreign Affairs Minister to stress the importance that human rights have for this country and to strongly disapprove of such incidents. The embassies whose members were involved have extended vigorous protests through their ambassadors to the Haitian government which is expected to see to the protection of foreign diplomats.

**Senator Deschatelets:** Honourable senators, a supplementary question. If I understand properly, the Canadian government has asked the Haitian government for clarifications through our embassy in Haiti. Could Senator Asselin inform us on the answer and on the explanations given by the Haitian government?

**Senator Asselin:** Certainly, honourable senators.

[English]

#### THE ECONOMY INCREASE IN UNEMPLOYMENT

**Senator Lamontagne:** Honourable senators, I have a question for the Minister of State for Economic Development. Does the minister interpret the significant increase in unemployment announced today—the first increase registered since last February—as the implementation of a promise made by Prime Minister Clark in May when he said, and I quote:

But I think that what we can do is to take a significant cut into the jobless total now and recreate the expectation that people can find jobs here.

[Translation]

**Senator de Cotret:** I am glad indeed to answer this question, especially because in October of this year, on a seasonally adjusted basis, 49,000 new jobs were created in the Canadian economy. Considered on an annual basis, this would mean some 600,000 new jobs per year, something which has rarely been seen, if ever, in this country.

I should like also to emphasize the fact that in October of this year, there were 45,000 fewer unemployed than in October 1978. Therefore, I see no discrepancy between the Prime Minister's statement which you have quoted and the performance of the Canadian economy in October.

**Senator Lamontagne:** I should like to indicate to the minister that in spite of what he has just said, the seasonally adjusted rate of unemployment increased in September from 7.1 to 7.4 per cent, which is the first increase since last February.

[English]

On the same occasion, the former Leader of the Opposition in the other place—and you have to read what he said before he became Prime Minister—said, and I quote:

—I intend to have my economic ministries put together some recommendations quite early, as to a potential national development policy—

[Senator Asselin.]

Given that statement, I am wondering whether the minister is now in a position, after more than five months in office, to announce the promised recommendations designed to prevent mounting unemployment.

[Translation]

**Senator de Cotret:** Honourable senators, I think that with a monthly employment growth rate of 49,000 jobs the Canadian economy is doing very well.

Then, as you know, Senator Lamontagne—since you know the statistical data and their spread on a monthly basis—in October of this year there was a very swift increase in the participation rate. So if this phenomenon is reversing a trend which has been established for several months and if this continues, I maintain, as I always have, unlike the former government, that if those people wanted to work it is not a problem but rather an asset which we must develop. It is a strength we will avail ourselves of, as the Prime Minister has already announced by setting up a job creation program for young people, a group which makes up over 50 per cent of the jobless in Canada. But when we have an economic performance creating 49,000 new jobs within one month it would be completely unfair to say that the job creation rate is lower than expected. If that can be achieved every month, I shall indeed be very pleased.

**Senator Lamontagne:** As my last question—I must say that the minister is not really answering my question: when I refer to an increase in the unemployment rate, he talks about the increase in the number of jobs—I should still like to know, since we are heading towards an increasingly higher rate of unemployment in this country, what he as minister is recommending instead of making speeches on the consensus in the private sector, between business and labour, what will he be recommending as concrete steps to get those unemployed back to work?

**Senator de Cotret:** As far as concrete steps are concerned, in the short run, well, the honourable senator will have to wait for the budget to be brought down by the Minister of Finance. Considering the longer term, we are now trying to solve the budgetary problem, the balance of payment problem, the cyclical problem, and over the still longer term, the problem of economic structures, to ensure the development of the economic potential of Canada during the 1980s.

I am well aware that the concept of consultation and consensus with the various economic agents is one which might seem strange to some people.

**Senator Lamontagne:** You did not invent it.

**Senator de Cotret:** No, but as far as you are concerned, you certainly did not improve on it either, because obviously it is now at a rather elementary level, honourable senators. It is a process that you seem to want to put aside without even considering it. However, as far as we are concerned, we feel that it is a very valuable process, an essential process, especially when we look at the opportunities we have over the next 10 years. There will still be certain problems which we will have to face together instead of having each and every economic



agent trying to face them separately. So the main goal of the economic conference scheduled for later this year, or in early 1980, will be precisely to put forward a long term policy, and to address issues that we will have to consider, as an economic agent, in the next ten years.

**Senator Lamontagne:** While the minister will be engaged in arbitration between private business and labour unions in December, in order to achieve between the two a consensus that could be implemented and developed in the 1980s, I for one want to ask him now what he intends to do for the unemployed.

**Senator de Cotret:** Honourable senators, I can only repeat my answer. The Prime Minister has already announced a job creation program—I shall tell you about it in a moment—a job creation program for young Canadians because it is among them that the majority of the unemployed of our country are found. More than 50% of all the jobless in this country belong to the 15 to 24 years old bracket.

A more thorough and exhaustive study of this problem would include a consideration of other aspects, such as female and native people unemployment, as well as the one of middle-aged workers who find themselves displaced by technological changes or by industrial adjustment of one kind or another.

Therefore, instead of trying to deal with the unemployment issue by resorting short term job creation measures such as Canada Works, a program which is to be discontinued, an attempt will be made to deal with unemployment on a structural basis by addressing ourselves to the basic causes of the problem.

A young man is not unemployed simply because he is young or only because of economic cycles. He is unemployed also because he needs a certain knowledge, a certain experience which he does not have. Programs will be introduced which will be specifically directed to the roots of that problem. The Prime Minister spoke about it today in the other place. Other programs will also be announced in the budget which the Minister of Finance will table before the end of the year.

**Senator Lamontagne:** I am repeating myself, honourable senators, but I rise for the last time. I think the minister overlooks the tendencies existing in Canada and the workers laid off in British Columbia and everywhere in the lumber industry. They are neither young people nor women. They are senior workers dedicated to their work, to their profession and they lose their jobs because of the monetary and fiscal policy of this government.

**Senator de Cotret:** I repeat once again, honourable senators, that when the number of jobs increases by 49,000 in one month, I cannot see how such an argument can hold.

[English]

## NATIONAL UNITY

### FEDERAL RELATIONS WITH QUEBEC

[Translation]

**Senator Rizzuto:** Honourable senators, I should like, if I may, to put a question to the Leader of the Government in the Senate. According to an article published last weekend in a weekly, Senator Tremblay is reported to be secretly directing the flexible strategy of the federal government towards the Lévesque government in constitutional matters. Also, everything connected with the role of the federal government in the management of economic matters related to Quebec is reported to have been entrusted to Senator Charbonneau. I would like to know whether this is true.

If so, I want, first, to congratulate both senators concerned. Second, I want you to inform us and the house whether from now on we may direct our questions on the above-mentioned subjects to these two senators.

**Senator Flynn:** There is no question that the present government intends to use the expertise of senators on this side of the house. There is no doubt about that. But as for putting questions to them, they are not ministers. You could always ask their opinion on certain topics during the course of a debate. But the question in that regard seems to me very naive. That may be intended, however.

**Senator Rizzuto:** Honourable senators, I think there is a press report which says—I do not know whether it is accurate—but it states nevertheless that they have specific responsibilities. I want to know whether this is true or not. I do not think I am being naive in asking this.

**Senator Flynn:** I suppose that when you were on the government side you had no responsibilities!

**Senator Rizzuto:** Well, maybe not everybody can have responsibilities. But that is not the question, honourable senators. I think the government leader does not understand me at all. The question is whether the two senators mentioned in the press really have the responsibilities mentioned. That is all.

**Senator Flynn:** All I can say is that they will be consulted just like other senators on this side of the house. What is wrong with that?

● (2040)

[English]

## CROWN CORPORATIONS

### VIA RAIL—DISPOSAL OF ASSETS

**Senator Riley:** Honourable senators, my question is not long, but I should like to address it to the Minister of State for Economic Development. In view of the fact that 100 per cent of the shares of VIA Rail Incorporated are owned by the Minister of Transport of Canada, is there any substance to the suggestion that the present government is now prepared to dispose of those shares to the private sector, as it is prepared to do in the case of PetroCan, Canadair, de Havilland, Air Canada and other crown corporations?

At the same time I would like to ask the minister if he is familiar with the 1978 annual report of VIA Rail Canada Incorporated?

**Senator de Cotret:** Well, honourable senators, to answer the honourable senator's second question first, no, I am not familiar with the 1978 annual report of VIA Rail.

To answer the honourable senator's first question, no, to my knowledge there is no active discussion at the moment of the subject of turning over to the private sector the shares or any part of the shares held by the Minister of State in the name of Her Majesty the Queen in that corporation.

● (2050)

I would suggest that in our examination of crown corporations that could be returned to the private sector, there may, at one point or another, have been an examination of the desirability of taking that kind of action with respect to VIA Rail, and, for that matter, with respect to a number of other crown corporations. But to this date the only decisions that have been made are those that were announced by the President of the Treasury Board with respect to the crown corporations that were clearly identified at that time.

**Senator Riley:** I have a supplementary question for the Minister of State for Economic Development. Why was VIA Rail not considered as being one of those crown corporations that should be "privatized"—the new word that is used—and the shares sold to the private sector?

**Senator de Cotret:** I was careful in my reply to point out that VIA Rail may well have been considered. I shall be happy to inquire as to the current status and give the honourable senator a detailed report on the views of the government vis-à-vis VIA Rail. I can only reiterate that the only corporations that are being actively considered as possibilities for privatization—

**Senator Lamontagne:** Give us the list.

**Senator de Cotret:** The list was made public about two months ago. It includes de Havilland and Canadair.

**Senator Lamontagne:** Is it a new list?

**Senator de Cotret:** No, it is the same list. To my knowledge, there have been no additions to or deletions from that list. I

[Senator Flynn.]

will be happy to inquire into that specific question and inform the honourable senator whether or not VIA Rail was ever considered, and, if it was, why the idea did not go any further. I will inquire as to the current status. To my knowledge there is no intent at this point of returning any of the shares of VIA Rail to the private sector.

## ROYAL CANADIAN MOUNTED POLICE

### SEARCH OF JOURNALIST'S HOME

**Senator Buckwold:** I have a question for the Leader of the Government in his capacity as Minister of Justice. Canadians were astounded, and indeed shocked, to learn that last Thursday morning the home of national defence writer Jo-Ann Gosselin was visited by a number of RCMP officers in order to carry out a search for a document, which that journalist apparently had in her possession, involving the procurement of fighter planes.

In another but separate incident that day, Dr. Boris Celovsky was questioned by security staff of Statistics Canada regarding a letter he had sent to the chief statistician, which found its way to a prominent Ottawa journalist.

My questions are: Who authorized the raid on Jo-Ann Gosselin's home? Did the RCMP agents find what they were looking for? Do these incidents represent the policy of the present government in spite of the stated objective of the government for openness in the affairs of government? If not, what steps are being taken to ensure that there will be no more such incidents in the future?

**Senator Flynn:** The honourable senator does not appear to appreciate the work of the police. I know that there is an ongoing investigation. Surely, in the midst of an investigation, the honourable senator is not suggesting that the police should tell everyone what they are going to do the next day, why they are doing it, and so on, before a conclusion is reached. If a decision has to be made with regard to laying charges, it will be made with the authorization of the Attorney General. At this time, it is under the responsibility of the RCMP. I suggest that nothing should be said or discussed publicly until a decision is made one way or the other.

**Senator Buckwold:** As a supplementary, does that mean that the RCMP carries out a raid of this type on its own volition, with no instructions from any government department, either yours or others?

**Senator Flynn:** It is not my department.

**Senator Buckwold:** Or others.

**Senator Flynn:** The RCMP is under the direction of the Solicitor General. I suggest to the honourable senator that, contrary to the impression he would leave, there are people in the RCMP who know what they should or should not do—

**Senator Lamontagne:** Not always.

**Senator Flynn:** Well, well, I would have suspected that my friend, Senator Lamontagne, would make a comment, because once again he does not understand.



The police are not trying to persecute anyone. They have a duty to perform. It may happen that there is excessive zeal or error, but generally speaking the honourable senator should at least take for granted that the police are acting responsibly and within their responsibilities.

**Senator Buckwold:** As a supplementary, is the minister saying that the police may have used excessive zeal—

**Senator Flynn:** I do not mean in this particular case.

**Senator Buckwold:** Not in this particular case?

**Senator Flynn:** I am not speaking of this particular case.

**Senator Buckwold:** Does the minister feel that it was quite proper, in the case of a relatively minor document, for the police to knock on the door of a woman journalist, while her children were at home, and embarrass her for the sake of what obviously was a fairly insignificant incident? I still have not heard the minister's reply to my question as it relates to openness in government as propounded by his party.

**Senator Flynn:** I am at a loss to ascertain what the honourable senator is really trying to say. He is assessing the case as if he knows everything about it. I suggest that he should go to the RCMP and provide them with the information. That might be sufficient to settle the matter right there and then.

**Senator Frith:** I have a supplementary to Senator Buckwold's question.

**The Hon. the Speaker:** I have already given the floor.

**Senator Walker:** Sit down.

**Senator Frith:** I have no need to sit down. The Speaker is not on his feet. I do not have to sit down, and Senator Walker cannot make me sit down.

## INTERNATIONAL DEVELOPMENT

### CIDA—RELATIONS WITH NON-GOVERNMENTAL ORGANIZATIONS

[Translation]

**Senator Leblanc:** Honourable senators, I would like to put a question to the Minister of State for CIDA, as he seems bored because nobody is asking him questions tonight.

My question has to do with NGOS non-governmental organizations. Quoting from a report published in the *Citizen* on November 12, on page 7, by André McNichol, which says:

[English]

Since the federal elections of May 22, uncertainty and confusion have marked Canada's foreign aid policy. Matters are getting worse.

Example: there may or may not be a meeting in Ottawa December 4 and 5 of major Canadian organizations concerned with our foreign aid. No one seems to know.

[Translation]

So could the minister enlighten us on this problem and say whether there will be a meeting with NGOS. Also, the policy which is perhaps not established yet but nevertheless seems

confused according to the article I just read, will be discussed with those organizations which are indeed very important for Canada.

**Senator Asselin:** Honourable senators, first I must say that I have not read the article in question. If I had read the article, perhaps I could give you a more detailed answer but, by and large, I can say that since I have been Minister of State for CIDA I have met with non-governmental organizations on two occasions, and I must add, honourable senators, that they are very satisfied with the way we treat them.

**Senator Leblanc:** So, honourable senators, that would mean the *Citizen* is wrong about the confusion that seems to exist within the government since you stated you had met with them and found them in high spirits and pleased with your policy.

**Senator Asselin:** Honourable senators, I am not going to judge the article by that reporter. If those are the conclusions you draw, that is fine with me.

**Senator Leblanc:** I did not draw any conclusions. It is the reporter, the *Citizen's* reporter, André McNichol, who is drawing conclusions, and I am asking you whether the confusion really exists or not.

**Senator Asselin:** I did answer. I said, no, it does not exist.

• (2100)

[English]

## ROYAL CANADIAN MOUNTED POLICE

### SEARCH OF JOURNALIST'S HOME

**Senator Frith:** Mr. Speaker, am I given the floor now?

**The Hon. the Speaker:** I should point out to honourable senators, as the question seems to have arisen, that rule 26 reads as follows:

When two or more senators rise to speak, the Speaker shall call upon the senator who in his opinion first rose in his place; but a motion may be made that any senator who has risen "be now heard" or "do now speak".

I think a misunderstanding may have arisen over the general proposition that a senator rising to ask a supplementary will normally be recognized. It is very difficult for the Chair to know at any one time whether a senator is rising on a supplementary question or not. I should point out that there is, of course, no obligation on the Chair to recognize an unlimited number of supplementaries. An appeal may be made at any time by the senator to the Senate, and the Senate will decide an issue such as this if it arises.

**Senator Frith:** I have no intention, Mr. Speaker, of suggesting an appeal. I did, however, say that my question was a supplementary, while my colleague did not say that his was. We can deal with that at another time, if it arises, of course.

My question is for the Minister of Justice, and is supplementary to the question posed by Senator Buckwold. It is quite clear that the minister did not answer Senator Buckwold's questions. He made some references to what would be proper, and what subjects could or could not be raised with the

RCMP, and what assumptions we should make about the propriety of the actions of the RCMP, but he did not deal with the questions put by Senator Buckwold.

Was the minister taking these questions as notice, and will he answer the questions that were posed by Senator Buckwold, or should I read them again for him? What he said was not an answer to Senator Buckwold's questions.

**Senator Flynn:** I wouldn't say that. Senator Buckwold seemed to be satisfied with my answers.

**Senator Frith:** I am insisting. The questions were as follows:

First, who authorized the raid on the Gosselin home?

Two, did the RCMP agents find what they were looking for?

Three, do these incidents represent a policy of the present government in spite of what they have stated?

The only question dealt with at all, and not adequately, was the third. Is it the case that the Minister of Justice is saying that it is none of our business—which was the impression I got—or that he is not going to answer the questions, or that he is taking them as notice, or that he will try to find out the information?

**Senator Flynn:** I know that an investigation was made by the RCMP. I do not know if they have come to a definite conclusion.

I will take the questions as notice and will reply to you, but, as far as I am concerned, it is an on-going investigation. If it is terminated—and I do not know if it is; I will check on it—I will let you know what the conclusion is, but if it is not terminated, I do not think it would be proper to comment at this time.

**Senator Frith:** If the Minister of Justice is saying that he will inquire and give his answer after he determines more about the question, then I accept that.

**Senator Flynn:** I will do that.

## ENERGY

### SELF-SUFFICIENCY—RESOURCES AND COST OF DEVELOPMENT

**Senator Connolly:** Honourable senators, I have a question for the Minister of State for Economic Affairs. I may say that it is not for an immediate answer.

I revert to the question of oil and gas self-sufficiency in this country. I wonder if, at some appropriate time, the minister would be able to supply the Senate with projections for the immediate requirements, if this should be practical and possible, for making the country self-sufficient in oil and gas at this time, and what the projections are for some reasonable length of time in the future.

Secondly, I would like to know where it is sought to provide the resources with which to realize self-sufficiency. For example, will it be from the tar sands, from conventional resources on land, or from offshore development? Just what is expected,

[Senator Frith.]

not so much by the government as by the experts who deal with these matters?

Thirdly, what is the expected cost of development to be realized to the extent that the country will become completely self-sufficient? What percentage of that cost is it expected might be borne by the private sector, and what percentage by the public sector?

**Senator de Cotret:** I shall be happy to take those questions as notice.

**Senator Guay:** Mr. Speaker, I was going to ask a new question. It was not supplementary. I will, however, dispense with it.

**Senator Smith (Colchester):** Honourable senators, I thank my honourable friend for his generosity. I do have a supplementary. It relates to the question asked by Senator Connolly.

I would ask the minister if, in replying to Senator Connolly, he will be sure to keep in mind the subject of tidal power in Nova Scotia and New Brunswick.

**Senator de Cotret:** Yes, honourable senator.

**Senator Connolly:** As a supplementary to Senator Smith's question, I should say that I might have enlarged the question to include energy sources other than petroleum and natural gas. I think what Senator Smith has put forward is quite an appropriate matter for consideration, as, indeed, are other energy sources.

**Senator de Cotret:** Honourable senator, in answering the three questions that you have put I will attempt to give you as early as possible a fairly clear indication of the energy demand and energy supply situation in this country, but I would like to indicate at this point that gaining self-sufficiency involves more than increasing supply. There is also the question of containing demand. The conservation aspects are, in many cases, as important as the supply enhancement part of the program. Every barrel of oil that we conserve is a kind of on-going renewable resource, if you like, if we do not consume it this year and we do not consume it next year. Given the fact that Canada is the second highest consumer of energy in the world, conservation becomes a key factor in attaining self-sufficiency. I will, however, try to give honourable senators a breakdown of how we propose to achieve self-sufficiency in the 1980s.

## THE BUDGET

### DATE OF PRESENTATION

[Translation]

**Senator Leblanc:** I have a question for the Minister of State for Economic Development.



He said earlier that the next budget will be very important to solve the problems of inflation and especially of unemployment. In view of the concerns felt by every Canadian, can the minister tell us at about what date the budget will be brought down? I believe that this is very important for all Canadians.

**Senator de Cotret:** The budget will be tabled in the near future.

**Senator Lamontagne:** In due time.

• (2110)

[English]

## TRANSPORT

### HIGHWAY CARRIAGE OF NUCLEAR MATERIAL—SAFETY REQUIREMENTS

**Senator Thompson:** Honourable senators, I should like to ask a question of the Leader of the Government. Assuming that the security for the transportation of nuclear material comes under federal jurisdiction, and appreciating that it is carried by trucks travelling along highways which come under provincial jurisdiction, and that the provincial jurisdictions have varying safety requirements, and in view of the fact that there was a highly dangerous radioactive nuclear device which was lost about a week ago, could the Leader of the Government inform us of the federal government's procedures which ensure the safe transportation of nuclear material? Could he also inform the Senate why this material was lost, and what steps will be taken to ensure that this will not happen again?

**Senator Flynn:** This is a rather technical question which I shall have to take as notice.

## CROWN CORPORATIONS

### DIRECTORS OF VIA RAIL

**Senator Muir:** My question is directed to the Minister of Industry, Trade and Commerce who acquits himself so capably in this chamber and outside. My question is supplementary to that of my friend, Senator Riley, and it is with reference to VIA Rail.

I do not expect the honourable gentleman to have this information with him tonight, but I was wondering if at some time in the not-too-distant future he would be able to provide this chamber with the names of the directors of VIA Rail; their qualifications; for what period they have been on the board of VIA Rail; and how they got there.

**Senator Buckwold:** And how long they are going to stay.

**Senator de Cotret:** Honourable senator, I will have to take that question as notice. I try to keep abreast of the directors in our crown corporations but, unfortunately, I do not have the list at my disposal. I will get the information forthwith and table it, hopefully at the next sitting.

### PETRO-CANADA—CHAIRMAN OF TASK FORCE

**Senator Flynn:** Honourable senators, in reply to Senator Goldenberg's question of last week regarding the status of the

chairman of the Task Force Review of Petro-Canada, I would like to say that Mr. McDougall was retained by the government for a period extending 15 working days beyond the date at which the task force reported.

There is no question of Mr. McDougall being retained to "sell the report". At the time of his initial commission, it was felt that it would be in the public interest if he were to be available for a short period after completion of the report to respond to requests from groups that he explain its conclusions to them.

## NATIONAL DEFENCE

### PURCHASE OF NEW FIGHTER AIRCRAFT—DISPUTE BETWEEN NORTHROP CORPORATION AND McDONNELL DOUGLAS CORPORATION

**Senator Asselin:** On November 7, Senator McDonald asked a question concerning the lawsuit between Northrop and McDonnell Douglas. In response to the honourable senator's question, let me first say that the court action in question involving Northrop Corporation and McDonnell Douglas Corporation is a legal dispute between those two companies, and to comment on the case itself at this stage would not be proper.

However, I can advise the honourable senator that no injunction as yet has been granted and, at this stage, there is merely an application being filed by Northrop for such an injunction.

In regard to the second part of the honourable senator's question, the Minister of National Defence has indicated to honourable members in the other place that this dispute between these two corporations should not have a lasting effect on the government's position in regard to the new fighter aircraft. Of course, any decision by the government in regard to the new fighter aircraft will be made only after all aspects have been carefully considered.

## BANKRUPTCY BILL

### SECOND READING—DEBATE ADJOURNED

**Senator Flynn** moved the second reading of Bill S-9, respecting bankruptcy and insolvency.

[Translation]

He said: Honourable senators, I have the honour to move the second reading of a bill which has been introduced in the Senate several times. Bill S-9 concerns bankruptcy and insolvency. This is the latest—and I hope it will be the last—of a series of bills introduced these last few years before the House of Commons and the Senate.

The original bill, Bill C-60, was introduced in the House of Commons in May 1975 and died on the order paper because of the prorogation of Parliament. However, when the bill was introduced in the house, the Standing Senate Committee on Banking, Trade and Commerce made a comprehensive review of its subject matter and published a report in December 1975.

Bill C-60 was followed by Bill S-11 in 1978 and Bill S-14 in March 1979. Both bills were considered by the committee, but each time they died on the order paper before the committee could complete its work.

The bill aims at repealing the Bankruptcy Act, the Farmers' Creditors Arrangement Act, the Companies' Creditors Arrangement Act, the sections on insolvency in the Winding-up Act and certain sections of various acts concerning insolvency, and to replace them by a completely or relatively new and comprehensive insolvency system which, while concerning especially the situation of debtor consumers, also interests creditors in bankruptcy administration.

This bill is quite thick: it contains 420 clauses and, by its very nature, is very complex. It is divided into 12 parts, and even though I do not intend to describe each of them in detail, I shall take time to mention some of the main policy amendments in the present legislation which can be found in the first six parts.

● (2120)

[English]

Part I—clauses 2 to 10: This part contains rules for Interpretation and Application and it sets out roughly twice as many defined terms as the present act with a view to reconciling a number of related civil law and common law concepts, clarifying a number of ambiguities that exist under present law, and condensing considerably the text of the bill. The bill also attempts to simplify and clarify the complicated rules defining related persons that are contained in the present act.

The bill includes a definition of the concept of "security interest," which in effect abrogates the title or lien theories that still exist in a number of Canadian jurisdictions, and substitutes instead a functional test, similar to that of the Ontario Personal Property Security Act.

Part II—clauses 11 to 62: This part deals with the Administration and it introduces a number of policies that are reflected repeatedly throughout the bill. It sets out an administrative structure that better reflects the real exercise of functions and permits greater administrative efficiency, particularly by dealing with specific issues, on an exceptions basis wherever possible; for example, by requiring the bankrupt to apply formally for discharge only where a caveat is filed.

One of the important changes is the possibility of delegating to a province the administration of consumer-debtor arrangements and bankruptcies?

Part II sets out rules concerning conflicts of interest and the bonding of trustees. The conflict rules in effect constitute a conflict of interest code to govern the qualification and conduct of trustees, inspectors, solicitors and others involved in the administration of an estate.

With respect to Part III, clauses 63 to 97, the main objective is to provide overburdened consumer debtors with a reasonable solution to their financial difficulties.

Only individuals, whether in business or not, whose liabilities do not exceed \$20,000 or such greater amount as may be prescribed, may avail themselves of the arrangement provi-

sions of Part III. In the computation of this amount, no account is taken of debts secured by real property where such property is the principal residence of the debtor.

**Senator Connolly:** Is that new?

**Senator Flynn:** I think so. It does not ring a bell. As far as the residence is concerned, of course, there is the problem of secured debts being something else. Reference to the exemption of the principal residence, I think, is a new concept. Perhaps I may be mistaken, but I do not think so.

The proposed arrangement is sent to the creditors to be affected by the arrangement, and unless creditors having more than 50 per cent in value of the claims request a meeting, no meeting will be held and the arrangement, as formulated, is deemed to be approved. If a meeting of creditors is requested, the administrator will call a meeting where the creditors may accept, reject or amend—with the concurrence of the debtor and administrator—the proposed arrangement. Unless rejected or amended by a majority of the creditors entitled to vote, whether or not they are present or represented at the meeting, the proposed arrangement is deemed to be approved as formulated.

This streamlined and simplified procedure should facilitate the administration of consumer debtor arrangements by the administrator.

[Translation]

Part IV, sections 98 to 133: This part deals with commercial arrangements. One of the main purposes of Part IV of the bill is to consolidate in only one piece of legislation the various mechanisms now scattered in a good number of legal texts. It should be noted, however, that banks and other financial institutions such as trust companies and credit unions are not allowed to propose any arrangement to their creditors. This prohibition is based on the fact that if the financial situation of these financial intermediaries is such that they must propose an arrangement to their creditors, public interest will require that these institutions cease all financial operations.

Another innovation in this legislation is allowing the court to submit arrangements to creditors in cases where the liabilities of the business involved exceed \$1 million and when the survival of this business is deemed to be of public interest, due allowances being made for the legitimate interests of the creditors. The *Farmer's Creditors Arrangement Act* already provides for this intervention by the court.

In order to have enough time for a more careful study of the problems and aspects of a proposed arrangement and also because, in most cases, it is in the general interest to let the debtor have enough time to prepare a proposed arrangement with a clear head, he is authorized under the act to file a notice of intention to file a proposed arrangement. For a period of 10 days from the date of filing this notice, or for a longer period as decided by the court, all procedures against the debtor are suspended.

In sections 134 to 234, which form Part 5 of the Act there are provisions concerning bankruptcy. This part recommends entirely new legislation respecting bankruptcy and insolvency



and consolidates all the dispositions which are now scattered in quite a number of federal acts and systems.

Furthermore, the proposed changes are numerous and far reaching and they imply the establishment of a coherent and comprehensive system adapted to the needs of our time.

Last, the legislation provides that any federal or provincial agency with regulatory or surveillance powers over the financial situation of a debtor can initiate bankruptcy proceedings any time if it is deemed necessary for the sake of public interest.

We should also note that this legislation eliminates the statutory privileges that gave the government some privilege on the assets of a debtor without submitting to the registration rules provided for other creditors. However, nothing prevents the government, federal or provincial, from availing itself of a guarantee obtained under the general regulations that are applicable.

These, under the present legislation, are not included in the assets of the bankrupt, the disability benefits, property excluded from execution or seizure under the laws of the province in which they are located and where the bankrupt resides, the property held by him in trust and the sums payable under a registered retirement savings plan in accordance with the Income Tax Act.

The bill also provides certain simplified procedures in the case of a consumer bankruptcy. Among these simplified procedures, we can note the following: reimbursements of income tax retained at the source are not vested in the trustee; it is not necessary to call a meeting of creditors unless the majority request it; the creditors do not have to produce their claims when no payment of dividend is provided. These amendments should speed up the procedure and reduce the costs without depriving the creditors of their right to control the administration of the bankruptcy.

In the case of an individual, in principle the status of bankrupt will come to an end six months after the date of the bankruptcy unless the administrator files a caveat during this period.

This procedure also applies to the agents and former agents of the bankrupt.

There are also several other provisions concerning the administrators and officers of a corporation which I will spare you.

As for Part VI, which includes clauses 235 to 313, it contains provisions applicable to *Arrangements and Bankruptcy*. It amends in many respects the provisions of the present legislation. This part concerns commercial arrangements and bankruptcies except in the case of a consumer bankruptcy where the act goes against the general provisions.

● (2130)

[English]

**Senator Connolly:** That is Part VI, is it?

**Senator Flynn:** Yes, commencing at clause 235 and going through to clause 317.

I also wish to refer to Part VII and Part XII, which concern such matters as guarantees, societies, insurance companies, infractions relative to *mises sous séquestre*—I do not know how one would translate that—the powers of the courts, and so on.

One interesting aspect of this bill is the fact that some of the dispositions are in italics.

[Translation]

As mentioned by Senator Hayden when he tabled Bill S-11 and Bill S-14, predecessor to this legislation, the clauses involving a parliamentary appropriation are identified so that they will not be approved by the Senate. The only way to have this kind of legislation passed by the Senate before the other place is therefore to print in italics the provisions including the appropriation of monies, so that these provisions will not be passed in the Senate.

[English]

Honourable senators, I do not know that I need to go into further details at this point. I have had prepared for me an analysis of the proposals contained in the reports of the Banking, Trade and Commerce Committee on predecessor bills. This analysis indicates that out of 139 recommendations of the committee, 129 were accepted—and that speaks well of the committee and its Chairman, Senator Hayden. The committee, in dealing with the bill now before us, will no doubt examine the recommendations that were accepted and will take another look at those few that were rejected to see whether or not we should insist on their implementation.

The text of this analysis is rather technical and is not something that I think I should read to honourable senators. If it is agreed, I should like to have this text printed at this point in the proceedings.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

#### Trustee Licences

On the matter of trustees licensed under the Act, the Committee made four (4) recommendations.

The four (4) recommendations were accepted and have been embodied in Bill S-9.

The most important of these was that an appeal process be made available directly to the Court for a trustee who loses his licence.

Section 21 at page 19 of the Bill deals with the cancellation and limitations of trustee licences by the Superintendent of Bankruptcy. Subsection 5 of section 21 reads as follows:

“21(5) A decision of the Superintendent given pursuant to subsection (4) is deemed to be a decision of a federal tribunal that may be reviewed and set aside by the Federal Court pursuant to section 28 of the Federal Court Act.

This subsection was added as a result of our recommendation and, as may be noted, applies not only to the cancellation of a licence, but also to situations where the

Superintendent imposes any condition or limitation on a licence.

#### Consumer Arrangements

One of the most important features of the Bill is Part III which deals with consumer arrangements. A principal objective of any insolvency legislation in an economy so heavily reliant on widespread use of consumer credit, must be to provide an efficient system that will give relief to consumers who become victims of the pressures exerted on them to make extensive use of credit. This system must avoid, in order to be effective, placing the unfortunate debtor under the stigma of bankruptcy.

For this reason your Committee when it reviewed Bill C-60, gave very special attention to Part III and made twelve (12) recommendations. Of these, eleven (11) are now incorporated in this new Bill.

Each of the recommendations made are equally important but by way of an example, I will mention recommendation twelve (12) on this Part in our Report, in which we recommend that all creditors in a consumer arrangement be required to file a proof of claim with the administrator.

The change has been incorporated in Section 83 on page 53 of Bill S-9,

Paragraph 1(a) of which now reads as follows:

“83(1) A creditor is not entitled to receive a dividend in respect of a claim unless

(a) a proof of claim in prescribed form is filed with the administrator and the claim is not disallowed.”

#### Commercial Arrangements

The original Bill C-60 contained in excess of one hundred (100) clauses dealing with Commercial Arrangements. These clauses were carefully reviewed by your Committee with the result that 26 recommendations were made.

Bill S-9 embodies all but two of these recommendations which dealt with a considerable range of topics.

For example, we recommended that on the annulment of a proposal, for the purposes of attacking improper transactions made by a debtor before the proposals, the date of the bankruptcy should be deemed to be the date of the filing of the notice of intention.

Subsection 3 of section 132 of Bill S-9 on page 101 embodies this recommendation.

This is a most significant improvement over the present law. Frequently, arrangements are made by less-than-honest debtors to avoid the review by a trustee, if there were a bankruptcy, of certain improper transactions, and when the time within which the transactions can be legally reviewed has elapsed, the debtor defaults on his arrangement. The new subsection inserted on the recommendation of our Committee will thwart such actions.

#### Recommendations not Incorporated in Bill S-9

While 129 of the 139 recommendations of the Committee were accepted, there were some that were not accepted. For example, it was recommended that all debts incurred for goods supplied or services rendered for necessities of life should not be discharged.

The Committee considered that the release of such debts might prevent a person from obtaining credit for such necessities in a time of need.

This recommendation is not included in Bill S-9. I understand that the reasons for not accepting the recommendation are that:

- (1) a large portion of many bankrupts' debts would never be released,
- (2) such a provision would engender litigation to determine what is necessary.
- (3) much of the rehabilitative effect of a discharge would be lost if a debtor were left with substantial debts, and
- (4) the recommendation may be viewed as a discrimination against the poor.

**Senator Flynn:** With that, I commend the bill to honourable senators. Assuming it receives second reading, I propose to move that it be referred to the Standing Senate Committee on Banking, Trade and Commerce.

On motion of Senator McDonald, debate adjourned.

### **FEDERAL DISTRICT COMMISSION BILL**

#### **SECOND READING—DEBATE ADJOURNED**

**Senator Choquette** moved the second reading of Bill S-10, to confirm the authority of the Federal District Commission to have acquired certain lands.

He said: Honourable senators, I have the honour this evening to move the second reading of Bill S-10. This is a short bill of only one paragraph, but its content is important and its passage before the end of this year will relieve the government of the threat of possible legal action.

The bill affirms the acquisition, in 1954, of land in the City of Hull, Quebec, by the former Federal District Commission. The acquisition at that time took place notwithstanding the lack of a prior order in council, as required by the Federal District Commission.

The land in question was purchased by the Federal District Commission in 1954 for the sum of \$20,000, and the purchase was made without the prior consent of the Governor in Council, contrary to the Federal District Commission Act. The value of the land is now estimated at approximately \$850,000. Part of the said land was sold by the National Capital Commission in 1974 to Canada Cement Lafarge Limited, which has agreed to sell a portion of the land to Hydro Quebec. Hydro Quebec, in turn, intends to call for tenders in December 1979 for a \$12 million building by way of a lease-purchase agreement, with construction to commence in early 1980. The building will be occupied through the termina-



tion of existing leases elsewhere. However, Hydro Quebec is prevented from proceeding further with this project as it has been advised that there is a flaw in the title acquired by the Federal District Commission.

When land is purchased, a search is made at the Registry Office and the vendor must give clear title. On making a search on behalf of the purchaser in this case, it was discovered that there was a flaw in the title. I am going to explain how that can be remedied, and I am going to ask that these remedies be not forced upon the purchasers.

● (2140)

The Department of Justice has advised that though the FDC's acquisition of this land can legally be defended, the validity of the acquisition is uncertain and this uncertainty constitutes a cloud on the title, which must be removed before Hydro Quebec can proceed with tender calls in order to develop the land.

Before introducing this bill, the Crown was faced with three alternatives. First, it might have resolved the dispute by acquiring a new title by agreement from the heirs of the former owner. However, this would have proved to have been very expensive and time consuming.

Secondly, the Crown might have expropriated all interests in the land purchased in 1954 except those subsequently sold by the NCC. This might also have proved to be very expensive, however, if the court were to determine that the heirs of the former owner have rights on the land. In any case, the Crown would not want to engage in the forcible taking of land from one person to transfer that property to another person.

The third option, the one chosen by the government, was to introduce this legislation which would expedite solution of the problem and would not prejudice any vendor of land to the Federal District Commission. Moreover, since the FDC was dissolved in 1958, the legislation would obviously not address recent and possibly contentious acquisitions.

It is my understanding, honourable senators, that if no steps are taken to correct title, we have reason to believe that Hydro Quebec will sue Canada Cement Lafarge Limited which, in turn, will sue the NCC in warranty as well as for its own personal damages. The amount involved could be very substantial.

Finally, Hydro Quebec has now indicated that unless steps are taken to correct title, it will have no alternative but to look for another site. If Hydro Quebec has to choose another site for its project, it appears that it will have to be in some other municipality. The City of Hull has a very keen interest in the project going ahead and will be obviously disappointed if it

should be cancelled due to failure on the part of the government to remedy this defect in title.

I would hope, honourable senators, that I have been able to provide you with a straightforward explanation of the intent of this bill. I commend it to you for your consideration, and should it receive second reading I intend to move that it be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[Translation]

**Senator Lafond:** Honourable senators, I thank and commend Senator Choquette for his explanations.

I cannot ask however for the opportunity to study further a legislation which is only one paragraph long. Nonetheless, since this involves something going on in my back yard so to speak, I would like to get more information before agreeing to second reading of the bill, and to that end I move the adjournment of the debate.

[English]

**Senator Riley:** Honourable senators, I would like to direct a question to the Honourable Senator Choquette. I do not have the bill in front of me, but I am wondering about the deficiencies in the title. Is it proposed by the commission to pay money into court to cover any possible claims of persons who might be recognized by the court in respect of deficiencies in titles?

**Senator Choquette:** I am hardly in a position to give a definite answer to that question, because I do not know as yet if there are any other claims. But should this bill not go through and Hydro Quebec is forced to buy elsewhere, then money would be deposited in court, but I do not see that at this stage. I am not aware that any such proceedings were taken, but you might get this information in committee if the bill is read a second time.

On motion of Senator Lafond, debate adjourned.

## THE ESTIMATES

### SUPPLEMENTARY ESTIMATES (A)—REPORT OF NATIONAL FINANCE COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance with respect to the supplementary estimates (A) laid before Parliament for the fiscal year ending March 31, 1980.

**Senator Barrow:** Honourable senators, on behalf of Senator Everett, I move the adoption of the report. The report is self-explanatory, and so I have no comments to make at this time.

Motion agreed to and report adopted.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

### FIRST REPORT OF JOINT COMMITTEE ADOPTED

The Senate proceeded to consideration of the first report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, which was presented on Wednesday, November 7.

**Senator Godfrey:** Honourable senators, I move the adoption of the report. I also have nothing to add, except to say that this report is in the usual form by which we give certain powers to the committee, and which have been given to it at the start of every session.

Motion agreed to and report adopted.

The Senate adjourned until tomorrow at 2 p.m.

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## THE SENATE

Wednesday, November 14, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### THE SENATE

#### CONDUCT OF QUESTION PERIOD—POINT OF ORDER

**Senator Frith:** Honourable senators, before we proceed with Presentation of Petitions I would like to raise a point of order arising from yesterday's proceedings. So that honourable senators may understand the context of this point of order, I must recall to honourable senators the remarks made by the Speaker on October 18 on the subject of the conduct of the Question Period. I quote from the *Debates of the Senate* at page 115. The Speaker said:

—I think I should point out at this time, to those who may not be aware of the situation, that it is a traditional convention of this place that the Speaker does not normally intervene except to preserve decorum.

Then, a few lines later, he said:

The tradition in the Senate is that senators themselves, as mature legislators, can decide these things and work out these problems among themselves.

The next thing I should like to say is that I think all honourable senators appreciate that in the present chamber our Speaker has a more difficult role to play than at any prior time, in that we have three cabinet ministers in the Senate. I want to make it clear that I am, personally, very grateful—and I feel that others share this view—to our present Speaker for trying to handle the question period, in these unique circumstances, in a very effective and orderly way.

**Hon. Senators:** Hear, hear.

**Senator Frith:** Therefore, I do not want anything I say to be taken as a criticism of the fact that he is—if you will excuse this rather pedestrian analogy—very successfully playing the role of a traffic policeman during Question Period in an attempt to bring some order to that aspect of our functions here. He is conducting himself in a way that previously was not necessary.

Now I should like to refer to page 307 of yesterday's *Debates of the Senate* when, after some misunderstanding about the order of speaking, His Honour the Speaker referred to rule 26. He explained quite clearly that he had the obligation and duty to attempt to decide who had the floor, subject, of course, to an appeal by the Senate, as he pointed out, on the question of whether someone else should be allowed to speak in spite of whom he had chosen.

So I underline again that everything I say is meant in a constructive and positive way. However, in reading the

*Debates of the Senate* today, I find this sentence in His Honour's intervention at page 307:

I should point out that there is, of course, no obligation on the Chair to recognize an unlimited number of supplementaries.

I now ask His Honour the Speaker to give us an assurance that, in spite of what that says, there is no intention to limit the number of supplementaries—an inference that I think might easily be taken from those comments, but which I doubt very much was the Speaker's intention.

**The Hon. the Speaker:** Honourable senators, I thank Senator Frith for calling this interesting matter to the attention of honourable senators. It is quite true, if I may change the analogy slightly, that the teams in this particular game are getting a little more confrontational, if I might use that word, and therefore it seems that from time to time there may be a requirement for the Chair to intervene, largely to make it clear that every senator has the right to rise in his place, seek recognition from the Chair, and a signal, if necessary, to go ahead. It is quite true that perhaps this has not often been necessary, largely because there were not a number of senators either rising at the same time or seeking recognition to rise subsequently. It is true that there are senators who are able to be heard more easily than others. There are some quiet voices here who from time to time seek recognition, and I think it is my duty to look around and seek the quiet voices and give them the opportunity to rise. It is not exactly a question of "nice guys finish last" but there is perhaps an element of that in any group of experienced legislators.

On the specific point raised by Senator Frith, and it is a very good point, I did say that there was no obligation on the Chair to permit an unlimited number of supplementaries. I chose my words very carefully, that there is no obligation on the Chair. There is also no obligation on the Chair to limit the number of supplementaries, other than one of our rules, rule 20(4), which reads:

(4) A debate is out of order on an oral question, but brief explanatory remarks may be made by the senator who asks the question and by the senator who answers it.

Now it seems to me that there are times when an unlimited number of supplementaries would in effect constitute a debate, and I have observed amongst honourable senators waiting to be heard some degree of impatience that too many supplementaries from one senator may have the effect of carrying on a debate on a particular subject, with the result that other senators who wish to be heard on that particular oral question are not being heard. I should point out that it is very difficult for the Chair at any one time to know whether or not an

honourable senator is seeking to intervene with a supplementary. Some honourable senators, it is true, make it very clear. They may put up their hands or indicate a supplementary, but other honourable senators assume if I nod to them that they will be able to rise. They do not indicate immediately whether it is a supplementary or not. It may be helpful if honourable senators who wish to intervene with a supplementary would say so, and certainly in that case it would not be my intention to attempt to limit supplementaries unless it appeared to me that I should call attention to the fact that the overuse of supplementaries could constitute a debate which is contrary to our rules.

I have said before that it is not my intention to intervene any more than would seem necessary, and certainly no more than it is the desire of honourable senators that the Chair should intervene. I recognize that I have perhaps intervened more often than was the case in earlier times, but I think honourable senators will agree that the circumstances are somewhat different in this new Senate, if I may put it that way, than was the case in earlier Senates.

I trust that that meets the satisfaction of Senator Frith and other honourable senators. It is not, I repeat, my intention to arbitrarily limit the number of supplementaries; in fact it is my intention as far as possible to recognize the right of any senator to rise and ask a supplementary question.

I trust that meets the satisfaction of honourable senators.

● (1410)

## BANKING, TRADE AND COMMERCE

### COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Hayden:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today, and that rule 76(4) be suspended in relation thereto.

**The Hon. the Speaker:** Honourable senators, because of some hesitation on my part, we are a little ahead of our proceedings.

Is it your pleasure, honourable senators, to deal with this motion now and then revert to Presentation of Petitions, Reading of Petitions, Reports of Committees, Notices of Inquiries, and so forth?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Is it agreed that I deal with the motion of Senator Hayden now?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

[The Hon. the Speaker.]

**The Hon. the Speaker:** It is moved by Senator Hayden, seconded by Senator Laird, that the Standing Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting today. Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

## DOCUMENTS TABLED

### Senator Flynn tabled:

Copies of a Federal background paper on energy, with regard to the Federal-Provincial Conference of First Ministers, entitled "Outline of Proposed Initial Stage of National Energy Strategy", dated November 12, 1979, issued by the Office of the Prime Minister of Canada.

Report of the Department of Public Works for the fiscal year ended March 31, 1979, pursuant to section 34 of the *Public Works Act*, Chapter P-38, R.S.C., 1970.

## QUESTION PERIOD

[English]

### TRANSPORT

#### DERAILMENT AT MISSISSAUGA—ACTION TO AVOID SIMILAR OCCURRENCE

**Senator Godfrey:** Honourable senators, I have a question for the Deputy Leader of the Government. I might explain, first of all, that I was born and reared in the city of Mississauga, so I have a special interest in what has happened there lately.

Senator Marchand yesterday asked a question with respect to action being taken by the government pending receipt of the report from the Canadian Transport Commission. However, I should like to be a little more specific.

It would appear from newspaper reports that this accident would not have happened if the program to install sensors for heat losses had covered this particular railway line. If the government would take action to expedite that program while waiting for the report of the Commission of Inquiry, it would appear to me that that might be helpful.

Has the government any intention of moving in that particular area or is it going to await the report from the Canadian Transport Commission?

**Senator Roblin:** I cannot speak from first-hand knowledge on this point, but I know it was covered yesterday in the other place by the Minister of Transport. My understanding is that he expects that there will be a quick inquiry into this matter, and any problems that may be disclosed as a result of this inquiry, will be dealt with expeditiously.

**Senator Godfrey:** To have a tank car of chlorine attached to a train carrying butane, to a layman, would not appear to be



the most sensible way to carry dangerous gases. Again, I trust that the government will look into that particular matter and will not await the report of the Canadian Transport Commission.

**Senator Roblin:** I can give Senator Godfrey the assurance that the matter will be looked into on a priority basis.

The minister was in touch with the Canadian Transport Commission yesterday. I believe this was one of the subjects discussed. If that is the case, I am sure this matter will be dealt with on a priority basis.

## CROWN CORPORATIONS

### OWNERSHIP OF AIR CANADA

[Translation]

**Senator Marchand:** Honourable senators, I have already put several questions on the subject of Air Canada but I have received only vague answers. I would like the Minister of State for Economic Development to clarify for honourable senators and Canadians in general a situation that seems to me to be extremely ambiguous.

I had an opportunity to listen to part of the speech made on November 5 by the Minister of Transport who indicated he intended to sell Air Canada to the private sector.

I now read in yesterday's *Le Devoir* a report of a speech made by Air Canada President Claude Taylor. It is in non-ambiguous terms:

But, he remarked, the government should continue to run the corporation for some time still and only gradually turn the corporation over to the private sector.

So I have two questions for the minister. Does the minister think it is ethically normal for the president of a crown corporation to make a statement of principle on a matter of general government policy?

Second, are those only empty words from the head of Air Canada or is that really based on a government policy?

**Senator de Cotret:** Honourable senators, once again I think there is a little tendency to take a few words entirely out of context.

I read that article in the papers about what Mr. Taylor said. Mr. Taylor was addressing the issue of what benefits there would be in selling part of the shares of Air Canada to the public. He mentioned several benefits that could accrue to the corporation if part of the shares were sold to the public. Then, it was following those comments that Mr. Taylor said:

Nevertheless, it is important that the major part of the shares remain in the hands of the government.

So I do not see any contradiction in that. I do not believe there is any difficulty for the president of a crown corporation to discuss the possible benefits of new capital structures in his

corporation on a hypothetical basis. I do not see any difficulty with that.

Last week when you asked me a question concerning Air Canada, you mentioned—as my honourable colleague has so well stated in answering your question—that the remarks of Mr. Mazankowski were purely hypothetical. It was not a matter of privatization or to hand over Air Canada to the private sector. The minister talked about international lines and about the possibility of closer co-operation or better understanding between both corporations.

So, I do not see any contradiction in the question you asked.

**Senator Marchand:** Honourable senators, if I may, as a supplementary, I note that the English and French versions say exactly the same thing, that is the minister stated: I do not want to sell Air Canada tomorrow morning. Here is what he said:

● (1420)

[English]

I feel strongly that the government should retain a large portion of ownership in Air Canada for some time to come.

[Translation]

That is the minister's position. The text is right there. Then—

[English]

—for some time to come.

If I understand English, that means that the time will have to come when this crown corporation will have to be ceded to the private sector. Now, Mr. Taylor just takes exactly the same idea and says, "Well, it is going to take some time, but it should be given back to the private sector."

If the minister feels that the president of a crown corporation can decide all by himself to make such a statement, then I do not understand anything about government any more.

[Translation]

**Senator de Cotret:** Honourable senators, once more I must raise the matter of the exact comments made by Mr. Taylor. Perhaps you are quoting from another article than the one I read. I read the remarks of Mr. Taylor and he never spoke of selling Air Canada to private interests. He mentioned some advantages that the corporation might enjoy if part of its shares were held by the public.

Furthermore, if my memory serves me well—I read this over the weekend since it was published in weekend papers—if I remember well he mentioned that it would be clearly advantageous if the private sector held minority interests in the corporation. So there is no contradiction with what the Minister of Transport said.

On the other hand, when we say "for some time to come" it means that in the near future they do not intend to part with the majority interest in Air Canada.

Now, if you want to speculate on what will happen within 100 years, I entirely agree. But when they say "for some time

to come", they have no intention of doing that. I do not see any contradiction.

**Senator Marchand:** A last supplementary, honourable senators, and I continue to quote the President of Air Canada who said immediately after what I quoted earlier:

On that matter, he suggested to the government—

The president of a crown corporation suggests something to the government because he is the one who must make suggestions.

—to follow the example of Great Britain concerning the privatization of the British Petroleum Co.

Do not tell me it is not true. It is there. So what do you want? I am simply saying, first that the president of a crown corporation has no business to express publicly his views on that matter.

**Senator Flynn:** He did that before. He did it in your time.

**Senator Marchand:** He certainly did not do it when I was there.

**Senator Flynn:** You were there, but as soon as you left, he did it.

**Senator de Cotret:** I quite agree, honourable senator, that you read the remarks following those you have quoted, but I would like you to read the preceding remarks as well since they are the ones I am referring to where it is clearly stated that his proposition deals with the minority interest owned by the Canadian private sector.

I do not have the article, otherwise I would read it. I read it and I distinctly recall the order of these remarks. There was no contradiction between the position publicized by Mr. Taylor, which was his opinion, and the avowed opinion of the Minister of Transport.

Finally, I would like to say that as a minister of the crown I am happy to hear the suggestions, recommendations and the comments made by the corporations' presidents in view of improving the operation of their businesses.

[English]

### THE ECONOMY

#### IRANIAN POLICY CONCERNING ASSETS IN UNITED STATES— EFFECT ON EXCHANGE VALUE OF CANADIAN DOLLAR

**Senator Olson:** Honourable senators, I wonder if I could ask the Minister of Industry, Trade and Commerce a question in another vein. This arises from the indication yesterday that Iran is going to move massive amounts of its assets from some United States banks to other places. Can the minister tell us if there has been any significant movement of any Iranian assets that may be held by Canadian banks, wherever they may be in the world, and, more important, perhaps, whether this is going to cause any significant amount of Canadian dollars to go on to the foreign exchange market?

**Senator de Cotret:** I looked into that very matter this morning, and I can report that we have no indication at the present time that the Iranian policy with respect to their

deposits in the United States has any carryover to Canada; nor do we have any indication that the oil situation with respect to Iran and the United States has any direct carryover to Canada.

The last part of your question, concerning the potential for this kind of action to lead to foreign exchange flows is a valid point, but it is a difficult question to answer. My initial evaluation is that there would not be appreciable Canadian capital flows towards the United States as a result of what has happened to date; but in a rather fragile and volatile international monetary market there is always the possibility of capital flows moving to offset this kind of thing. Certainly, to the best of our knowledge, however, at this point in time there are no direct indications of these kinds of movements as far as the Canadian economy is concerned.

**Senator Olson:** A supplementary. I can understand the risk, or the temptation, I guess might be a better word, of people moving those dollars in behind the United States prohibition, or, at least, what they have announced as a partial prohibition; but I was also interested in whether or not significant or massive amounts of Canadian money would be put into the international market for conversion to currencies other than the United States dollar, such as the German or Swiss currencies.

**Senator de Cotret:** That certainly is a situation I would be happy to report on if there were any developments, but to the best of my knowledge, no. I do not really see why such a development would occur at this particular point. It could, but I certainly have no indication that it is doing so.

### THE BUDGET

#### DATE OF PRESENTATION

**Senator Perrault:** I have a question for the Leader of the Government in the Senate. Is the leader able to say when the long awaited federal budget will make its appearance? The government was elected last May. There have been various dates set and postponements. Is it possible for the Leader of the Government to give some guidance to the Senate on this point?

● (1430)

**Senator Flynn:** The Minister of Finance stated yesterday in the House of Commons that it would be before Christmas—possibly at the beginning of December.

**Senator Olson:** 1979?

**Senator Perrault:** Will it be a Christmas nightmare or a Christmas present?

**Senator Flynn:** I cannot divulge anything.

**Senator Perrault:** We shall wait to see whether it is gift-wrapped when it appears.



## HEALTH AND WELFARE

## FAMILY ALLOWANCES

**Senator Perrault:** I should like to ask the Leader of the Government another question. There are reports that the government plans drastic cutbacks in family allowances which have caused anxiety in many parts of Canada. I wonder if the leader is able to make a statement today or perhaps give an assurance that the present system will be retained and, if so, for how long.

**Senator Flynn:** I think the Minister of National Health and Welfare has indicated that there was no question of abolishing family allowances. He was only looking at several options for directing those funds to those who are in need.

## INDUSTRY

DISCUSSIONS WITH UNITED STATES GOVERNMENT—BRIEF OF  
AUTOMOTIVE PARTS MANUFACTURERS' ASSOCIATION OF  
CANADA

**Senator Bosa:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. In view of the very important subjects that were going to be discussed with President Carter during his visit to Ottawa on November 9 and 10, and in view of the high expectations that were created in interest groups, particularly the automotive parts manufacturers, could the minister inform this house whether he intends to pursue those discussions by going to Washington or by inviting his American counterpart to come to Ottawa?

**Senator de Cotret:** First of all, there were a number of very important issues on the agenda for the meeting between President Carter and his advisers and Prime Minister Clark and members of the cabinet. There have been indications by the Prime Minister that many of these issues will be pursued at the official level before another meeting between the two heads of state could be scheduled.

I would have to verify this, but I believe that there are some ministerial meetings, in which I will participate, scheduled in Washington for the early or middle part of the month of January which will give us, at the ministerial level, an opportunity to raise a number of these issues.

**Senator Bosa:** As a supplementary, does that mean that the minister is not going to respond to the brief that was presented to him last month by representatives of the Automotive Parts Manufacturers' Association until January?

**Senator de Cotret:** No, honourable senators, I will reply to the brief in the time period I indicated to the automotive parts manufacturers. I think most of the items raised in the brief, and the recommendations in the brief, were not dependent on discussions with the United States. Some recommended discussions with the U.S., but I can certainly indicate to the automotive parts manufacturers what stand the government intends to take in these discussions.

## FOREIGN AFFAIRS

## ZIMBABWE-RHODESIA—JOINT COMMONWEALTH GROUP

**Senator Macquarrie:** I should like to pose a question to the Leader of the Government. It refers to the recent proposals for a joint Commonwealth group designed to be useful in bringing about settlement of the long-standing crisis and tensions in Zimbabwe-Rhodesia. Is the minister in a position to indicate if Canada's participation has been sought, and can he indicate, even in general terms, the nature of our response to what seems to be a highly positive Commonwealth endeavour?

**Senator Flynn:** I will seek to obtain a reply from the Secretary of State for External Affairs.

## ENERGY

## DOMESTIC OIL PRICE—FEDERAL PROVINCIAL NEGOTIATIONS

**Senator Olson:** Honourable senators, I know the Leader of the Government would be disappointed if I did not ask him, and thus give him an opportunity to give us a full and up-to-date report, how the oil price negotiations are proceeding.

**Senator Flynn:** I have nothing to add to what I said yesterday. I know that the Prime Minister is in the west talking with premiers of the producing provinces.

**Senator Olson:** We have got to read it in the newspapers.

**Senator Flynn:** If there is something wrong in the newspaper reports, I will let you know.

## CANADIAN BROADCASTING CORPORATION

NATIONAL UNITY—POLICY CONCERNING QUEBEC  
REFERENDUM

**Senator Manning:** I wonder if I might ask the Leader of the Government a question in connection with a statement in the *Montreal Gazette* of Tuesday, November 13, attributed to the president of the CBC. The article says:

The Canadian Broadcasting Corporation will remain neutral in the debate over Quebec's future in confederation, according to CBC President Al Johnson.

Speaking to a Canadian Club luncheon in Montreal yesterday, Johnson said "It would be a betrayal of our public trust if we were to use our privileged position . . . to influence the results of the referendum."

My question to the honourable senator is: Is this stance by the CBC a position that is acceptable to the Government of Canada? The CBC repeatedly attempts to justify its request for hundreds of millions of dollars of public revenue on the grounds that it is a great Canadian institution which strengthens the identity and unity of Canada. It seems to me very strange that in a matter where the future of Canada as a nation is at stake, it takes the stance that is outlined by the president. I am interested whether this is a position that the government endorses or whether they intend to do something about it.

**Senator Flynn:** I saw the full text of what Mr. Johnson is reported to have said in this morning's *Gazette*. I did not have time to look at it in depth, but I certainly will bring the honourable senator's questions and comments to the attention of the Secretary of State.

### CROWN CORPORATIONS

#### CANADAIR AND DE HAVILLAND—SALE TO PRIVATE INTERESTS

**Senator Haidasz:** I should like to ask the Minister of Industry, Trade and Commerce whether it is the intention of the government to sell to private interests the aircraft industries Canadair and de Havilland.

**Senator de Cotret:** Honourable senators, we have made a decision in principle, and we have communicated that decision on numerous occasions, beginning with a press release by the President of the Treasury Board followed by comments in both the other place and here, that it is our intent to return both of these corporations to private interests in this country.

That remains our policy. The timing of it is subject to the tabling before cabinet of a comprehensive strategy for the aerospace sector to ensure that the moves made in the privatization are consistent with the long-term strategy of this government with respect to that sector, and also subject to the report that will be tabled before cabinet on the specific means and the techniques to be used to return these two corporations to the private sector.

**Senator Haidasz:** As a supplementary, in view of the fact that it is the intention of the government to privatize de Havilland and Canadair, will the government ensure that no jobs will be lost as a result of the sales?

**Senator de Cotret:** When one has the opportunity to look at the prospects of both corporations, as I have had over the last several months, there is certainly no reduction in employment to be foreseen in the years to come. Both corporations are doing very well at the moment. They both have some highly successful products on the assembly lines. We are doing well in terms of research and development in these corporations, and both corporations are doing well as regards their international positions. Therefore, I certainly would not foresee any loss of employment opportunities as a result of these corporations being returned to private hands.

### TRANSPORT

#### STOL SERVICE AT TORONTO ISLAND AIRPORT

**Senator Haidasz:** In view of the government's intention to sell de Havilland, could the minister advise this chamber as to the prospect of STOL aircraft taking off from Toronto Island Airport?

**Senator de Cotret:** I am not sure that the two decisions are in any way related. I would be happy to take your question on STOL as notice and give you the specific position of the Department of Transport in that respect. I certainly would not link that in any way, shape or form with the decision to return

to the private sector—as was always intended, by the way—the de Havilland corporation.

#### DERAILMENT AT MISSISSAUGA—TRANSPORTATION OF CHLORINE

**Senator Bosa:** Honourable senators, my question follows the question put by Senator Godfrey, and is related to the disaster that took place in Mississauga last Saturday. I know that the Leader of the Government stated yesterday and again today, as did the Minister of Transport in the other place, that an intensive investigation is taking place into this whole matter. Would the minister consider imposing a ban on the transportation of chlorine in the meantime, pending the results of the investigation of the whole safety question of transportation of such dangerous liquids?

● (1440)

**Senator Flynn:** I will transmit that suggestion to the Minister of Transport for whatever it is worth.

### CROWN CORPORATIONS

#### CANADAIR AND DE HAVILLAND—SALE TO PRIVATE INTERESTS

**Senator McElman:** Honourable senators, I have a supplementary to the question asked by Senator Haidasz and the answer given to that question with respect to De Havilland and Canadair. The minister spoke in glowing terms of the status of those crown corporations at the present time, and the high standard of research and development being engaged in by them, which is quite extraordinary, I might say, in the Canadian picture today.

In the light of that excellent record, and in the light of the past record of both those companies when they were in private hands, when their activity in research and development was almost nil and their achievement in economic terms very poor, would the minister reconsider the policy of privatization? I am drawing attention to the exceedingly good record of these corporations today, and their poor record when they were in private hands?

**Senator de Cotret:** The short answer to your question is no, and it is absolutely no, and I should like to expand on that somewhat because it really comes from a basic difference between the honourable senator's perception of government and my perception of government. I do not and cannot accept that government has and must play a role in the production of executive aircraft. I do not think that is a tool of public policy, and I find it very difficult to understand why the elected government of the people of Canada would be involved in the production of executive aircraft only because it happens to be a profitable area of activity. If we were to follow that kind of principle of government, one government really would buy every profitable corporation in this country, and we would have out and out socialism, against which I stand in every way I can.

In terms of the performance of Canadair and De Havilland now versus what it was before the government took them over,



I think the honourable senator is suggesting that it was the mere fact that the government took them over that turned the corner. That whole industry at that point was having difficulty, and right now we have sitting next door to Canadair and De Havilland in the Canadian aerospace sector some private corporations such as Pratt & Whitney that are doing equally well. They have an excellent R&D record. Pratt & Whitney, for example, with the PT-6 and PT-7 engines, controls some 70 per cent of the total worldwide market in those engines.

The whole industry has been revitalized. It is a dynamic sector of our economy now, and the reasons for which the government intervened six or seven years ago—which may have been very valid at the time—no longer exist. These corporations have the financial strength, and the industry has the long-term prospects of viability, that make it an industry that no longer needs the kind of transitory assistance the government provided.

I should just like to remind honourable senators once again that when the government of the day intervened, it did so very much with the idea of providing transitory assistance, and not with the idea of maintaining a forever presence in that industry as the direct owner of those corporations.

**Senator McElman:** I thank the honourable minister for his reply and I shall be glad to read his statement again two years down the road when we again study research and development in this field.

## CANADIAN BROADCASTING CORPORATION

### NATIONAL UNITY—POLICY CONCERNING QUEBEC REFERENDUM

**Senator McElman:** Honourable senators, I have a supplementary for the Leader of the Government to the question put to him by Senator Manning. When he raises this matter of the CBC with the Secretary of State, would he be kind enough to ask the Secretary of State to draw to the attention of the President of the CBC that the mandate of the CBC by law includes its contribution to national unity.

**Senator Flynn:** Honourable senators, I do not think I need to say that to the minister, and I do not think the minister needs to be told what he should tell Mr. Johnson. I doubt that Mr. Johnson would ignore a provision in the Broadcasting Act. There is no doubt about that.

It may be a question of interpretation, but in any event I will report your views to the Secretary of State.

**Senator McElman:** I thank the Leader of the Government in the Senate, and I would simply like to say that my request is put forward because of a long-standing study of the CBC, both the English and French networks, and the lack of contribution they have made to Canadian unity on so many occasions, even in the very recent past. I am sure I need not draw the attention of the Leader of the Government, coming as he does from Quebec, as I come from New Brunswick, the necessity for drawing this to his attention on a good many occasions.

**Hon. Senators:** Hear, hear.

**Senator Flynn:** Again I thank the honourable senator for his comments. We may be thinking the same thing. I have been involved with the problem of the CBC for years. In 1959 I was vice-chairman of a committee of the other place looking into this. It is no easier today to find solutions to all the difficulties we have encountered over the years since then. If it had been easy, I am quite sure the former government, which my friend supported with all his heart, would probably have found a solution.

**Senator Muir:** Honourable senators, my question is to the Leader of the Government. It is supplementary to the question posed by Senator Manning, but my dear friend, Senator McElman, stole part of it. The previous Prime Minister suggested on a number of occasions, and I think with good reason, that separatists operate within the Canadian Broadcasting Corporation. I realize that no member of this chamber has the right to dictate to the Canadian Broadcasting Corporation what it must or must not do—but when the message gets through to Mr. Al Johnson is he going to be very neutral on both sides and make sure that the message gets through to those whom the previous Prime Minister and other important people in this country have spoken about—those who are out-and-out separatists within the Canadian Broadcasting Corporation? Will that message get through to Mr. Johnson?

**Senator Flynn:** I am quite sure that the message has been relayed to Mr. Johnson on several occasions over the years by members of this house and by members of the other place. It may be that Mr. Johnson has been unable to find a way to deal with this problem. Again, if you have specific suggestions, I am quite sure the Secretary of State and Mr. Johnson would be quite happy to receive them.

As a matter of interest, the matter of the operations of the CBC could be referred to the Standing Senate Committee on Transport and Communications. Mr. Johnson could appear, and you would be in a direct position to discuss this with him. If you would like that, why not make a motion, which perhaps would be seconded by Senator McElman.

**Senator Muir:** I will gladly make a motion that Mr. Johnson be brought before the committee, and I would hope that my good friend from New Brunswick would second it.

**Senator McElman:** As this administration begins to face a good number of problems, and as it establishes committees to look into those problems in both the medium term and the longer term, perhaps the time has arrived when it would consider—and I put this as a question to the Leader of the Government in the Senate—establishing a commission or a committee to have a new look at the CBC and how it is carrying out its mandate in the special circumstances and the history which Canada is living today?

Perhaps it might be a good time to have such a commission established to restudy the role of the Canadian Broadcasting Corporation within the whole Canadian picture.

● (1450)

**Senator Flynn:** I do not mind transmitting this suggestion to the appropriate ministry and to other colleagues in govern-

ment. However, I would suggest a more modest move at this time, and that is that the Standing Senate Committee on Transport and Communications try to deal with the underbrush to see whether Senator McElman's idea should be pursued further, especially in the present circumstances.

**Senator McElman:** Does the Leader of the Government not recall that the Standing Senate Committee on Transport and Communications, of which he was a most valued member in the past, has, on several occasions, undertaken studies of the CBC. Does he not also recall the summary treatment those studies received from the Canadian Broadcasting Corporation, and further, does he not recall that the Standing Senate Committee on Transport and Communications and nobody else was able to break through that great attitude of superiority expressed by the Canadian Broadcasting Corporation and all associated with it?

**Senator Flynn:** I thought Senator McElman was dealing with a problem that is more current than that of the general attitude of the Canadian Broadcasting Corporation over the years. I thought he was supporting the idea put forward by Senator Muir with regard to separatist infiltration of the Canadian Broadcasting Corporation. I do not think that the Canadian Broadcasting Corporation has particularly tried to act "superior" in relation to this matter.

Again, with those specific problems in mind at this time, I suggest that we might ask Mr. Johnson to appear before the Standing Senate Committee on Transport and Communications to tell us what he thinks of the present situation and, at the same time, explain the speech that he gave in Montreal two days ago.

**Senator McElman:** I would not want the Leader of the Government to misunderstand my feelings with respect to the Canadian Broadcasting Corporation. I have admired much of its operations; I have admired little of its administration. It is in that sense that I feel that a rather complete study is required and not just an appearance by the President before the Standing Senate Committee on Transport and Communications.

## CROWN CORPORATIONS

### OWNERSHIP OF CANADIAN BROADCASTING CORPORATION

**Senator McDonald:** I should like to put a question to the Minister of State for Economic Development on the same subject matter. He has been, from time to time, reviewing a list of crown corporations that may be privatized. I am wondering whether the Canadian Broadcasting Corporation is among them, and if it is not, why not?

**Senator de Cotret:** First of all, my colleague, the President of the Treasury Board, has been doing the reviewing. To the best of my knowledge, the Canadian Broadcasting Corporation is not among the crown corporations which are being considered for privatization. I would be happy to enquire as to why not, but I think the answer is probably foremost in everybody's mind. It has been seen as a major tool of cultural

[Senator Flynn.]

development in this country, and, therefore, it is probably not something that we would want to turn over to the private sector.

**Senator Marchand:** What about the army?

**The Hon. the Speaker:** Are there any delayed questions?

**Senator Flynn:** No, Your Honour.

## POSTAL RATES BILL

### THIRD READING—ORDER STANDS

On the Order:

Third reading of the Bill C-11, intituled: "An Act respecting certain postal rates".—(*Honourable Senator Bélisle*).

**Senator Bélisle:** Stand until Monday evening.

**Senator Olson:** On a point of order, Your Honour. Has it been determined that we are meeting Monday evening?

**Senator Flynn:** It will never be determined by us alone.

**Senator Asselin:** Was that not the case in the past? Order stands.

## BANKRUPTCY BILL

### SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Roblin, P.C., for the second reading of the Bill S-9, intituled: "An Act respecting bankruptcy and insolvency".—(*Honourable Senator McDonald*).

**Senator Flynn:** I think this debate was adjourned last evening by Senator McDonald for Senator Hayden.

With leave of the Senate, I mentioned last evening that I had a complete list of the recommendations made by the Standing Senate Committee on Banking, Trade and Commerce, and what was done about those recommendations in each case.

In fact, I had only a few examples. I now have a complete list of recommendations of the Standing Senate Committee on Banking, Trade and Commerce, and ask that it be printed as an appendix to today's *Hansard*.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator McDonald:** You are asking that the recommendations be appended to today's *Hansard*. Why not have them appended to yesterday's *Hansard*, if that is possible?

**Senator Flynn:** I am afraid it is too late to do that.

**Senator McDonald:** In that case, I move the adjournment of the debate.



(For list of committee recommendations, see appendix, pp. 332-41.)

On motion of Senator McDonald, debate adjourned.

## BORROWING AUTHORITY BILL, 1979-80

### SECOND READING—DEBATE ADJOURNED

On the Order:

Second reading of the Bill C-10, intituled: "An Act to provide supplementary borrowing authority for the fiscal year 1979-80".—(*Honourable Senator Roblin, P.C.*)

**Senator McDonald:** Stand.

**Senator Roblin:** I wish to speak to it. I appreciate the kind intentions of Senator McDonald to spare me the obligation of introducing this bill on second reading today, but in view of its urgency, I am afraid it is important we go ahead with it as expeditiously as can be.

Bill C-10 is entitled "An Act to provide supplementary borrowing authority for the fiscal year 1979-80."

**The Hon. the Speaker:** Order.

It is moved by the Honourable Senator Roblin P.C., seconded by the Honourable Senator Flynn P.C., that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

**Senator Roblin:** I suppose my friend's invitation to me to keep my seat overcame me, Your Honour. I got into the pith of this matter a little prematurely. I thank you for putting me right in respect to it.

Honourable senators, to continue what I was about to say regarding this bill, its title is self-explanatory. However, there are a few features of it which, perhaps, I should bring to the attention of the chamber.

This borrowing authority seeks permission to procure \$7 billion of new money, which is required for the remainder of the 1979-80 fiscal year. It provides that these new borrowing powers will come into force, or be deemed to come into force on November 1, 1979. To that extent, it is retroactive, and I should like to deal with that before I am through with the matter.

It also makes it clear that authority is given to borrow the moneys required in foreign currencies as well as in Canadian dollars.

I think members of the Senate will recall that in the last session the previous administration sought a borrowing authority from Parliament in the amount of \$10 billion for the fiscal period 1979-80 through a clause in an act which we recognize as Bill C-37, to amend the statute law relating to income tax for the fiscal period 1979-1980. However, this endeavour died on the order paper when Parliament was dissolved last March.

The \$10 billion then sought from Parliament reflected the \$10,750,000,000 in cash requirements that were estimated to be needed for the fiscal period 1979-80 at that time. The \$7 billion which is shown in this piece of legislation represents a reduction of some \$3 billion from the amount that was previ-

ously requested. The reason why this reduction has become possible is, I regret to say, not because of any reduction in the pressure for money insofar as the government is concerned, but rather because there was lying around in the back-shelves of the treasury some place unused borrowing authority that had been carried forward from previous years.

I must say that in my own past experience I have always reprobated this kind of thing. I am glad to say that borrowing authorities will now have a termination date on them, at least insofar as this bill is concerned. I say that because those previous powers were not subject to automatic cancellation at the end of the fiscal year and, therefore, they were used. They amounted to some \$3-plus billion, which is the reason why the requirement for the rest of the year is shown at \$7 billion rather than the \$10 billion originally spoken for some nine months ago.

● (1500)

The financial borrowing requirements for fiscal 1979-80, as I said, were forecast to be about \$10 billion, and so far we have raised about \$4.3 billion through the issuing of marketable debt—\$1.1 billion in treasury bills, and \$3.2 billion through the issue of bonds in the domestic market.

The borrowing authority now requested, along with the remaining portion of the unused borrowing powers obtained in previous years and still available, which is rather small, should be sufficient to complete the financing program for the remainder of the current fiscal year, as well as providing a margin for contingencies, should that be required. Standby lines of credit are certainly a case in point. The debt program for the rest of the current year that is covered by this piece of legislation also includes the Canada Savings Bonds money-raising campaign which is now under way.

All outstanding and unused borrowing authority provided by this new act for fiscal 1979-80, and in respect of which no action has been taken by the Governor in Council, will be cancelled on March 31, 1980, pursuant to section 37 of the Financial Administration Act. I should mention that clause 2(2) of the bill is intended to clarify a point that has been raised on previous occasions with respect to foreign borrowing. It makes it perfectly clear that the government may borrow the money in any currency that is deemed advisable at the time, and not just in Canadian currency alone, and it will confirm the authority that is sought in that respect.

Clause 2(3) of the bill states that the new borrowing powers will come into force, or will be deemed to have come into force, on November 1, 1979. The purpose of this retroactive provision is to ensure that the new borrowing authority will be in force on the date that the new Canada Savings Bonds campaign began. With respect to Canada Savings Bonds, it should be mentioned that only the net amount of any increase in the outstanding debt is charged against a borrowing authority, and the government anticipates that there should be sufficient authority available in the ordinary way to cover the sale of the Canada Savings Bonds during the current period. However, these sales are rather volatile. I wish I could report

to the chamber how they are going at this time. I imagine it is rather tough sledding.

As I said, the sales are rather volatile, the margin of error in predicting net sales is large, and as a consequence it is deemed advisable to make the borrowing authority of this bill retroactive to cover any slippage that there might be. Of course, in addition, it gives the government the assurance that it needs from Parliament that its planned debt program can be met, and that all contingencies can be catered to.

That is the substance of the matter that is before us with respect to the immediate terms of the bill. It is a very small bill. It only has two clauses. It takes up one page, as honourable senators will have seen. It seems, however, to me, to epitomize a lot of the financial history of the recent period in Canadian history. Perhaps it would be useful, in dealing with the matter—after all, \$7 billion is no small sum—to attempt to place in perspective some of the facts of our recent history that have led to the necessity of requesting a borrowing authority of this magnitude.

I could point out to the house that in the four years from fiscal 1970-71 to fiscal 1973-74, a borrowing authority of \$3 billion a year was granted. That amounted to \$12 billion. In 1974-75 the authority was \$5.5 billion. In 1975-76 and 1976-77 it was \$6 billion in each financial year, and the total for the fiscal period 1977-78 and the current year gives us a borrowing authority of \$28 billion.

The result of all this is quite clear. If you look at the figures that have been brought down for the period ending March 31, 1979, the debt charges alone that the Government of Canada must bear for that period—and they have not declined since then, let me tell the chamber—are \$8,350 million. That represents practically 16 per cent of the entire budgetary expenditure of the Dominion of Canada. That, surely, must give us pause for thought.

At the beginning of the period I have been referring to, March 31, 1971, the public debt of the nation was \$16.5 billion, or \$744 for every man-Jack of us, every woman-Jack of us, every person-Jack of us, who was then around when that figure was calculated. Today, eight years later, on March 31, 1979, the debt has risen to \$51.1 billion, and the per capita debt is \$2,175. One can see from the previous figures I have given that this is becoming an increase on a geometric ratio, not an arithmetic one, and it is perfectly clear that the propelling force behind the situation has been the deficit, which in the year 1979-80 is expected to be, altogether, \$11,790 million. This rate of growth is obviously difficult, if not impossible, for this nation to sustain.

The magnitude of the task that the Minister of Finance faces is certainly apparent to me, and I confess that I await the budget, which we expect quite soon, with a mixture of apprehension and expectation, coloured by some hope that we will see that a term has been put on this exponential expansion of the debt, and particularly of the deficit; and that while we continue to ensure that services are supplied to the people of the country, we will so organize our affairs that we may be

[Senator Roblin.]

able to see a reduction in the deficit in the near future, with the consequence that we will be able to see a reduction in the demands for borrowing authority.

I am not so bold as to predict that I may not, on some future occasion, ask this chamber for another large authority to borrow billions of dollars. It may be \$7 billion, or it may be \$10 billion, because the real significance of the spending that is going on today is that it is a \$10 billion line of credit that we need, rather than a \$7 billion one.

I can only hope that I will not be put to that test, because I find it a very difficult task indeed to recommend to honourable senators that we should be giving the government this authority to borrow money in our name. I have to say that there is no other choice before us, and that I see no change of direction; but I do cherish the hope that a change of direction there will be.

It is with that expression of opinion that I recommend this piece of legislation to the house.

On motion of Senator McDonald, for Senator Langlois, debate adjourned.

## STANDING RULES AND ORDERS

### MOTION FOR ADOPTION OF FIRST REPORT OF STANDING SENATE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the first report of the Standing Committee on Standing Rules and Orders which was presented yesterday.

**Senator Molson:** Honourable senators, yesterday—

**The Hon. the Speaker:** Order. Do I understand that the Honourable Senator Molson has already moved the adoption of this report? I was in some doubt that he had already done so at the last sitting.

**Senator Molson:** Honourable senators, I move that the first report of the Standing Senate Committee on Standing Rules and Orders be now adopted.

**The Hon. the Speaker:** It is moved by the Honourable Senator Molson, seconded by the Honourable Senator Macdonald, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

● (1510)

**Senator Molson:** Honourable senators, when this report was tabled yesterday, I made very little comment on the subject. I said that I would explain it today. As you know, the amendment that the Rules Committee is putting forward was occasioned by the motion made by Senator Bosa on October 31 last. At page 232 of *Debates of the Senate*, in the course of speaking on the subject of the right to abstain from a vote in the chamber, he is reported as saying, very briefly:

I think those senators who do not share the philosophy of a government measure which comes before this chamber ought to have the privilege to remain in their place and have their presence noted and their abstention also recorded.



When your Rules Committee considered this matter, it felt that it was anything but an unreasonable suggestion. The Clerk of the Senate and a Law Clerk were in attendance. They had done some research into the subject. The Clerk said he had researched the situation back to the turn of the century. The practices, customs and rules in various legislatures have been examined, among them the House of Lords and House of Commons of the United Kingdom, and the New South Wales, South Africa, Ontario, Saskatchewan, and Quebec assemblies. There is no hard and fast pattern elsewhere. In a couple of cases there is a compulsion to vote, but in most cases there is no compulsion to vote.

In discussing this proposal, your committee came up with a recommendation which, in terms of rule-changing, is very slight and rather easy to understand. The rule is changed so that when the vote is called the Speaker will call for the yeas, then the nays, and then those who wish to abstain. The vote will be decided, as in the past, by a majority of yeas or nays. The senator who does not wish to vote on the question can simply record his wish to abstain. He remains in the chamber; he does not have to leave; and that will appear on the record.

As you know, the only way a senator can abstain from voting today is by leaving the chamber or by following the rule which we are now amending which states that he shall give his reasons for not voting. The Speaker shall then ask whether his reasons are acceptable to the chamber. In fact, rule 49(1)(c) states:

—a senator who declines to vote shall assign his reasons therefor, following which the Speaker shall submit to the Senate the question, “Shall the senator, for the reasons assigned by him, be excused from voting?”, which shall be decided without debate.

Honourable senators, your committee found that there was no real background to consider this an essential rule. It found the suggestion that a senator should be privileged, if he so wishes, to say he is abstaining from voting to be reasonable. Therefore, the amendment which I presented yesterday is recommended to your favourable consideration by the Rules Committee.

**Senator Macquarrie:** Honourable senators, with all the laconicism that I can muster at this particular hour of the afternoon, I should like to say that I am very enthusiastic—and that is no exaggeration—about the report which the Chairman of the Rules Committee has presented.

I have been interested in this for a long time because we had fallen into one of the anachronisms of the very fine British system, perhaps because the old House of Commons was supposed to have its initial sittings in the choir loft of St. Stephen's church where there were only two sides. We also followed the idea of the alternative government in the confrontational system. It became difficult for Parliament, as legislation became more complex, to have it posited that there were, in fact, only two sides to the question, and if you did not vote yes or no, you were in some way diminishing your effectiveness

as a member and also diminishing the intellectual content of your participation.

Other bodies have come to the conclusion that there may be more than one side to an argument or to a question. This comes from the fact that often today you have legislation so complex—I am thinking of omnibus bills—that it is extremely difficult to know exactly what your final vote should be.

I remember being in the other place and being presented, as all members were, with a series of amendments to the criminal code in one piece of legislation. It dealt with four main laws concerning abortion, capital punishment, homosexuality and lotteries. Quite a collection. Some members could accept the part about homosexuality, and some could not accept the part about lotteries. If an honourable member finds he is in favour of two propositions and against another two, he can make his distinction clear when he votes clause by clause, but what does he do in the final vote?

I have always thought it was demeaning to a member of any legislative body to suggest that if he does not find it incumbent upon him to vote ye or nay, that in some way he must explain himself or, even more demeaning, he must absent himself.

At the United Nations, Canadians are often criticized for too frequently abstaining. This has been pretty well a general position of Canada, a charter member of the United Nations. Unless Canadian delegates to the U.N. can say that the Canadian government would enact the substance of any resolution to which they give their support, then they cannot support that resolution in that international chamber. I think that is a very sound, rational approach. The abstention there becomes very practical. As honourable senators know, in the United Nations there is a clear distinction between not voting and abstaining even though you may be present.

I congratulate Senator Bosa and the committee on this amendment.

It is often said that this is a chamber which moves very slowly and quietly and with not much imagination or initiative, but I believe that when people look carefully at this very small amendment which is proposed, and give some thought to what has been recommended, they will realize that this is a very important step. It will bring a good deal of meaning to the voting process. It is not something which is confined to the present situation—which, I suppose, will only be temporary—where supporters of the opposition are here in large numbers. This will be corrected as time goes by. This amendment is something which will have a great deal of value in the years ahead.

I support the amendment as strongly as I can, and I commend and congratulate the chairman and the committee, of which I am a member.

**Senator Frith:** Honourable senators, I move the adjournment of this debate.

**Senator Bosa:** Honourable senators, with the permission of Senator Frith, I should like to add a few remarks to what has already been said concerning the report of the committee. I know that it has always been the practice in our parliamentary

system to look to Westminster, the mother of our Parliament, for precedents. We have done that, and we have seen in the Standing Orders of the House of Lords that there is no provision for abstaining from voting. However, I did some research in this area in other jurisdictions, and I want to assure honourable senators that if we adopt this report, we will not really be breaking new ground.

In the Bundesrat there is a provision which reads as follows—

• (1520)

**Senator Olson:** Honourable senators, I wonder if I could raise a point of order. I do not wish to interrupt Senator Bosa's speech, because it is at his initiative that we have this report now before us, but I should like to clear up one point.

I think Senator Frith moved the adjournment of the debate to the next sitting, and if Senator Bosa wishes to make his contribution to the debate on the report now before us, then perhaps the motion to adjourn the debate should not be taken into account, and that is perfectly all right with me, if Senator Frith is willing to move the adjournment of the debate after Senator Bosa has finished his speech. But it seems to me that we are in a state of being not quite in order at the moment.

**The Hon. the Speaker:** I have not been asked for a ruling, but I am sure honourable senators would appreciate my pointing out that the question was not put by the Chair because the motion was not seconded.

**Senator Bosa:** I thank Senator Olson for his interjection, but I thought I had Senator Frith's permission to proceed. Was I correct in assuming that?

**Senator Frith:** To the extent that my permission is necessary, then my colleague has it.

**Senator Bosa:** As I was saying, in the Bundesrat they have a ruling concerning abstentions which is as follows:

—all deputies leave the Plenary Chamber and enter it again from the lobby through one of three doors, which are marked, "Yes", "No" or "Abstention". According to the door through which he re-enters the Chamber, the deputy registers his consent, dissent or his abstention from voting.

I have a standing order from *Manuel Des Chambres Fédérales* from Switzerland which reads as follows:

[Translation]

The members' votes and abstentions are recorded in the proceedings. Only those members who immediately answer at the call of their name are recorded as having taken part in the vote.

[English]

I am abbreviating somewhat because my pronunciation in French is not exactly the best.

In the United Nations, as was mentioned by Senator Macquarrie, the standing order is as follows:

The name of each member shall be called in any roll-call, and one of its representative shall reply "yes", "no" or

"abstention". The result of the voting shall be inserted in the record in the English alphabetical order of the names of the members.

A standing order of the Congress of the United States reads as follows:

During roll calls, members are required to vote yea or nay. Members who do not wish to vote may answer "present."

Another one from the Senate of France is:

[Translation]

Senators who wish to abstain must give a red ballot to the clerk in the centre of the floor of the Chamber and must then return to their seat.

[English]

So, honourable senators, there are many precedents in other legislatures and other jurisdictions for a provision for abstaining from voting, and therefore I want to support Senator Molson's motion for the adoption of the report of the committee.

**Senator Olson:** Honourable senators, I have some appreciation of this move—initiated by Senator Bosa, and then taken up by the committee which has now come back to the Senate with a report—to, in fact, change our rules so that it is permissible for a senator to abstain while he is in the chamber and without giving an explanation.

I am willing to try that on an experimental basis, but I have some reservations about whether or not we would fulfil our obligations as a chamber of the Parliament of Canada if this were to be abused. I can see how easily it could evolve into a kind of a cop-out. We in this chamber, just as the members of the other place—and in the other chamber they are elected while we are appointed—are sent here to take under consideration the business of governing Canada and to make decisions. Sometimes they may be unpopular, but that is of less importance to us, I suggest, than it is to the members of the other place.

I have been in the position many times where I have had to make my decision by a recorded vote knowing full well that I did not have all the background on everything, because that is an impossibility. Of necessity, you have to specialize in certain fields—some do it in transport, some in social policy, some in legal affairs and others in agriculture, which happened to be my specialty for three or four years. So I suggest that we could try this on an experimental basis, but I would be extremely unhappy if I looked around here when a vote was being taken and saw a significant number of senators choosing to abstain, for whatever reason. The fundamental reason, I presume, would be that they had not made up their minds.

Senator Macquarrie said that he felt uneasy with omnibus bills, bills that contained a wide variety of subject matter. I can tell him that I hope that the new government will be as good as—and perhaps I should even say a little better than—the previous government in bringing before both houses of Parliament bills that do not contain matters that philosophically are at different points of the spectrum, if that is the right



word. I do not like that type of bill either, and I think that bills of that type should be discouraged. However, that is not the same as having an unlimited opportunity to abstain simply because of what is in a bill. We should probably be doing more of that if we get bills of this kind from the other place. We should take them apart and have separate votes on their different parts. We probably could make some arrangements to do that.

The government should be discouraged from putting such things as Senator Macquarrie mentioned in the same bill, simply because they are all legal matters. That is not a good reason, in my view. I have been faced with that situation many times. When we have before us a measure that deals with such important matters as lotteries, abortion, drugs, and other subjects that come under the Criminal Code, when we get it down to a single issue, I do not believe we have the right, if I may put it that way, to abstain from making a decision. That is what we are here for. That is what the members of the other place are there for.

Your decision may be a little unpopular. You may find a variety of opinions among the people in your constituency. Our constituencies are not as defined as those of members of the House of Commons, but mine is southern Alberta. I call myself the senator from Alberta South, and I know that on almost any issue that can come up, especially on matters of social policy, there will be a wide variety of opinion. In no case can you accurately reflect the opinion of all the people in your area or your constituency.

● (1530)

One cannot accurately reflect the opinion of all the people in a constituency, but that does not excuse one from being here to vote. Some decisions must be made. However, I wish to state that I hope that it can work for some beneficial purposes.

I respect the reasons given by Senator Bosa, in the first instance, and other reasons given by Senator Molson, why the committee has come forward with this kind of report. However, I want to put in the caveat that it should be on an experimental basis only. I am not suggesting that it be put in for a temporary period in our rule book, or anything like that. We can change the rules. If I see that it is being used extensively—and perhaps some people would not regard that as an abuse—then I serve notice that I would not like that rule to remain in our rule book. We are appointed to this chamber to make decisions.

**Senator Bosa:** Would you permit a question?

**Senator Olson:** Certainly.

**Senator Bosa:** Notwithstanding this report, what action do you propose to take, in the event of a senator's being absent from the Senate, to compel that senator to express himself on the issue that is before the house?

**Senator Olson:** I have had that problem, too. I must say that I do not like absence from the house any more than I like abstentions. If a senator is unable to make a decision that he has a responsibility to make, I do not want to make it easier for him to evade that responsibility.

If I understand the report, there is another easing off—that is, you do not even have to explain why you abstained. You can simply abstain.

There is a description of when there may be abstentions, but I will not get into that. It does not bother me any less to see somebody absent himself from the house because he does not wish to vote with one side or the other.

This brings me back to my point. We can try it for a while, but if it becomes extensively used and I think it is an abuse and a neglect of the responsibilities we have in making decisions for and on behalf of the people of Canada, I will ask that it be removed from the rule book.

On motion of Senator Frith, debate adjourned.

## CANADA-UNITED STATES INTER-PARLIAMENTARY GROUP

### TWENTIETH MEETING

**Senator Molson** rose pursuant to notice of Tuesday, October 16, 1979:

That he will call the attention of the Senate to the Twentieth Meeting of the Canada-United States Inter-Parliamentary Group, held in Alberta, the Yukon and Alaska, August 9 to 17, 1979.

He said: Honourable senators, on Wednesday last, November 7, 1979, at my request, the report of the Canadian Section on the Twentieth Meeting of the Canada-United States Inter-Parliamentary Group was printed as an appendix to Hansard. The report covers the annual meeting with the delegations from the United States Senate and House of Representatives. The meetings are held by rotation in the two countries, and this year Canada was the host.

You will see in the report the aims of the Canada-United States Inter-Parliamentary Group, as set out in the terms of reference, and also the composition of both the Canadian and American delegations. You will also observe that the discussions with our American friends were broken down and organized into three committees and two plenary sessions.

As in previous years, the subjects covered ranged far and wide, but one of the reasons for holding the meetings in Calgary, and traveling through the Yukon and Alaska, was that energy, it was agreed, was the most important subject for discussion at this time.

This twentieth meeting took a slightly different form this year in that after the committee meetings were held in Calgary, delegates and their wives visited Fort McMurray, Whitehorse, Skagway, Anchorage and Prudhoe Bay. The itinerary had originally included Valdez in Alaska but, unfortunately, weather prevented a visit there.

Honourable senators, over the years in this chamber I have been strongly opposed to long descriptions of meetings in distant places, no matter how enthralling. We call them "travelogues." In reporting on this year's Canada-United States meetings, I was going to speak only for four or five minutes and leave the report to speak for itself. However, these

annual meetings with our American confreres are too important to our mutual understanding, trade and goodwill to treat them so lightly. I am, therefore, going to take just a few extra minutes to explain our activities.

I would ask you to take time to read the report which, as I have said, appears as an appendix to *Hansard* of November 7 last. I am going to run over quickly the subjects discussed in various committees:

Committee I—Trade, Economic and Defence Issues:

1. The Canadian and U.S. economic and monetary situation
2. GATT and bilateral trade
3. Protectionist trade practices
4. Problems under the Auto Pact
5. Investment Issues
6. Defence Issues
7. Agricultural Issues

Committee II—Energy Issues:

1. Gas
  - (a) The Alaska Gas Pipeline
  - (b) Additional Canadian gas exports to U.S.
2. Oil
  - (a) Oil supply
  - (b) U.S. proposals for transportation of Alaskan oil from Valdez
  - (c) Strategic petroleum storage
  - (d) Progress on future technologies
3. Electricity
4. Nuclear issues
5. Energy conservation

The first item, the Alaska gas pipeline, because of its preeminent importance, was discussed in a plenary session rather than in Committee II.

Committee III—Environmental and Fisheries Issues

1. East coast fisheries and boundaries agreements
2. Fisheries trade
3. Air quality—including acid rain, Cornwall Island, Atikokan and Poplar River
4. Role of the International Joint Commission
5. The disposal of toxic wastes
6. Great Lakes, including water quality and levels and extension of the navigation season
7. The Garrison Diversion
8. Seabed mining
9. West coast issues, including Beaufort Sea, Bowhead Whale, tanker routes, halibut fisheries, the albacore tuna and salmon negotiations.

It was rather interesting, I might say as an aside, that the albacore tuna provided the first cause for some disagreement just a matter of approximately two weeks after our friendly

meeting with the members of the United States Congress. As you will remember, there was complete disagreement between Canadian and American authorities over the American fishing boats' right to pursue the albacore tuna into Canadian waters. Fortunately, that seems to be settled for the moment by the albacore tuna themselves, which took off for distant waters.

The second plenary session was devoted to subjects of general interest to the two delegations, other than the Alaska gas pipeline. That second plenary session included discussions on the political situations in both countries.

It is a long report, and I will not tire you by giving you verbally an analysis which is better done in the report. I do want to tell you that quite apart from the meetings being satisfactory, the first-hand view of the Syncrude operation, of Great Canadian Oil Sands, the Alyeska pipeline, the Prudhoe Bay drilling site, the route of a possible Whitehorse-Skagway pipeline, and also the enormous hydro-electric power development potential of that area—that is, the area between Whitehorse and Skagway—was a valuable education.

● (1540)

At various points we were assisted in understanding some of the problems by most competent briefings from company officials. In addition, the delegations gained an impressive view of Alaska, which in its enormous area contains so much beauty, so much wild life, and so much resource potential that it opened up a whole new appreciation of that part of America.

While we missed seeing the terminal facilities for loading tankers at Valdez, we felt that the awesome development at Prudhoe Bay was one of the most important sights on our trip. It is true that the cost overruns on the oil wells, pipeline and infrastructure making up the project were staggering. Nonetheless, on the shore of the Beaufort Sea the orderly layout of wellheads, pump stations, roads and living accommodations present one of the most impressive, and, I could say, cleanest projects I have ever seen.

The care given the environment has been so well thought out that one sees caribou all over the tundra area near the pipeline, sometimes even lying under the pipeline for its shade, and we were told that 60 caribou had calved within the security fence of one of the pump stations. This would seem to indicate that the caribou herds and their migration pattern have not been seriously affected.

I had not planned to do so, but I cannot refer to Prudhoe Bay without trying to describe in a very few words this extraordinary development.

First of all, the shore of the Beaufort Sea is flat. It is so flat that it is hard to see where the tundra changes to water at ponds, inlets or the shore. The height of land, I would think, is probably no higher than 8 feet above sea level. When we were there it was a hazy day, quite soft, quite lovely, with a temperature of about 55 degrees Fahrenheit. The scenery stretched off into the distance without a real beginning or end, with no horizon.

On this endless landscape there are a few very visible pieces of man-made construction. There are excellent gravel roads



and airstrips, and there are clusters of wellheads which are boxed in because of the climate, and appear in clusters of about a dozen. In the distance, they look like beehives. Then there are the pumping stations which are clean and clear and practical, surrounded by their security fences. The enormous construction works and clusters of accommodation buildings in the two sections administered in the one case by Arco and in the other by Sohio are also visible, but certainly do not have the startling effect that one would perhaps expect in a scene such as that. It is really an engineering miracle.

Last, but certainly not least, there is the pipeline itself. Some of the pipeline is below ground, and the sections where it is in permafrost are refrigerated. This is quite an undertaking when you think of refrigerating the ground for various lengths of the pipeline, about half of which is buried, but not that much of which is in permafrost. Above ground the pipeline is insulated, and it is never straight. It goes in a zigzag line which is described as "trapezoidal". It is carried on supports which permit lateral and vertical movement for temperature differences, and even make special allowances for the possibility of earthquake in an earthquake fault area.

The detail is quite extraordinary. For example, the supports going down into the permafrost are filled with a chemical which vaporizes and then condenses, to prevent thawing of the permafrost. In addition, these pipe supports hold a plate covered in teflon, a material which as some of you will know coats your wife's frying pans in order to prevent things from sticking. In this case, it lets this enormous pipeline slide sideways.

Honourable senators, I could tell you a lot more about the really fantastic engineering work of this project, but time does not permit this, and I know that I have said enough to give you a general picture.

In summary, I believe that our discussions and travels enabled both groups to have a much better appreciation of the picture with regard to oil and gas and their transmission, that on many issues the groups had an opportunity to appreciate each other's point of view in a way that is simply not possible in the normal course of our parliamentary lives, and that at least on the scale of our two delegations, American and Canadian, warm and friendly relations were furthered. I hope honourable senators will have time to read the report and examine its ramifications.

Before concluding I want to express to the Parliamentary Relations Secretariat, which provided as always a most competent staff under Colonel Bowie, now our Black Rod, a very sincere word of appreciation for a job very well done. We were also most ably and thoroughly supported in the committee work by Mr. Peter Dobell, Mrs. Seaborn and Mr. Miller of the Parliamentary Centre.

Finally, may I say that it was a privilege to serve as co-chairman of the Canadian group and to receive the generous courtesy, consideration and support of our own delegation, leaving me with a feeling of both gratitude and debt.

**The Hon. the Speaker:** If no other senator wishes to participate, this inquiry is considered as having been debated.

## THE ECONOMY

### BANNING OF 1.5 LITRE SOFT DRINK BOTTLES—DEBATE ADJOURNED

**Senator Fournier (Madawaska-Restigouche)** rose pursuant to notice of November 8, 1979:

That he will call the attention of the Senate to the adverse effects on the Canadian economy of the banning of 1.5 litre bottles from the soft drink producers in Canada.

He said: Honourable senators, I beg your indulgence for a few minutes because I feel it is my duty to protest against a great injustice committed lately by the government which in fact, in my opinion, was based on an error due largely to the news media and lack of information. I would like to say that as usual my remarks will be brief.

May I be permitted to read part of a letter to the editor of the *Ottawa Journal*, which was published on October 16, 1979? The title appearing above the letter is "Too-hasty ban," and it reads as follows:

Sirs: On Sept. 23, on the CBC-TV program, "Marketplace", a number of incorrect assertions and false implications were made about Canadian bottlers.

Glass bottles by the billions have served their purpose well for many years, especially when handled with normal care.

I want to emphasize "when handled with normal care".

When the federal government over-reacted by banning the 1.5 litre bottle, it was not aware that it was drastically reducing \$106,000,000 in national sales of that size container, and it had no idea that it was freezing \$40,000,000 worth of these bottles and cases in the warehouses of more than 200 bottlers across Canada.

If my information is right, these figures have now doubled.

Add to this the environmental question of not being able to use cans, and the fact that each province has its own different environmental legislation, and you start to get some idea of the complications introduced by the too-hasty ban.

"Marketplace" would have you believe that the soft drink industry has been twiddling its thumbs in technical development: exactly the opposite is the case. In addition to continuing research and development by individual firms, our technical committee has been working hard on improvements and, incidentally, providing the federal government's safety protection branch with extensive and wholehearted co-operation from all quarters of the industry.

● (1550)

Honourable senators, I have no special interest in the soft drink bottling industry except that I enjoy soft drinks and, as I said at the beginning, I have a duty to fight for justice.

We all know that in Canada today we are spending hundreds of millions of dollars to create jobs. The average cost of creating jobs today is \$50,000 per job and, in some cases, \$100,000 per job. We are spending hundreds of millions of dollars to modernize industries in order to compete in the world market.

On August 8, without warning and while the inventory was at its highest—the warehouses were filled to capacity to take care of the summer season—the minister saw fit to torpedo the industry. In terms of timing, this decision could not have done more damage to the economy, the industry, and the labour force. There is clear evidence that the minister was not aware of the whole situation and acted hastily under pressure.

Within two weeks of the change in the rules and regulations, Coca-Cola provided a bottle with a rubber ring that met the safety requirements of the Hazardous Products Act. Out of two tests of 100 bottles each, not a single one failed to meet the new requirements.

I have a number of letters in my possession that are critical of the minister's decision to change the rules while the game was being played. The question of why the minister made the decision at this particular time remains unanswered.

During the week of October 5, 1979, the research branch of the Library of Parliament embarked upon two surveys at my request. The findings from those surveys indicate that there are several thousands of people in the business of bottling soft drinks across Canada employed by such large companies as Coca-Cola, Pepsi, Orange Crush, Pure Spring, Canada Dry and 7-Up. There are also many smaller independent companies.

Honourable senators, let me describe to you the effect of the banning of the 1.5 litre bottles on one of these companies at their New Brunswick plant. At the time of the banning in June, this company employed some 130 men. Thirty-two had to be laid off immediately, with 18 more scheduled to be laid off in the future.

This same firm invested some \$1.25 million on new equipment two years ago in order to produce these 1.5-litre bottles. They have on floats and ready for market 200,000 bottles in 30,000 plastic cases valued at \$8.60 per case, for a total of \$258,000, plus 420,000 empties valued at 40 cents each for a total of \$168,000, all of which have to go to the dump yard. They have approximately \$20,000 worth of bottles on order in Montreal which have to be hauled by truck to the dump in Moncton since they can be of no further use. In all, it would be fair to say that this parent company has lost approximately \$3 million. Honourable senators, this is the effect on only one small producer.

Let us think for a moment of the effect on large producers in Halifax, Quebec, Montreal, Toronto, Winnipeg, and right across Canada to Vancouver. The survey showed that some 400 bottling plants with a capacity of 60,000 to 8 million cases per year have been affected. This represents several hundred layoffs and several hundreds of millions of lost dollars.

[Senator Fournier (Madawaska-Restigouche).]

Assuming that the 1.5 litre bottle was a danger to the public, this danger was not born overnight, and surely there must have been a more comprehensive way of liquidating the stock at hand without ruining many producers.

When we think of the billions of bottles used all over the world in the last 100 years, we find that, according to the records available, only one death is attributed to the explosion of a 1.5-litre bottle. This happened two years ago in a remote area in Israel when a woman was carrying a bundle containing one of these heavy bottles and, due to expansion as a result of the heat from her body, the bottle exploded. The explosion of the bottle did not kill this lady. The fact that it took the ambulance over an hour to arrive caused the patient to bleed to death.

Honourable senators, we do not ban the manufacture of automobiles, yet we all know that the automobile has killed more people than all the wars combined. We do not ban the production of motorcycles, skidoos, and such other dangerous vehicles, yet we are all aware of the hundreds of lives they claim every year, not counting the permanent injuries they cause. We do not ban the use of gas, natural or propane, yet we know of the constant danger to the user. We overlook the hundreds of deaths caused by the use of gas and the millions of dollars incurred in material loss.

We do not ban lawnmowers, snowblowers, skis, or winter sports. They are all part of our way of living, yet they take their toll every year. We overlook the dangers of cigarette smoking. I could go on and on. No one likes to see someone being hurt, but I dare Mr. Lawrence to ban from the market any of those commodities mentioned above.

We do not ban the manufacture of firearms. Instead, we try to regulate their use, but this takes time; it is not done overnight as was done with the regulation concerning the soft drink bottles.

The business of manufacturing soft drinks is one which must be handled with planning and care. The producers have to depend on approximately four months of operation, apart from the Christmas period, to survive, namely, June, July, August and September. For most producers the other months are floating periods where they try to keep their heads above water in order to keep the working staff, the bank account and other liabilities in order.

There is no question that this hasty action was due to pressure from operators of chain stores and supermarkets—who have always objected to returnable bottles—and other interests who manufacture non-returnable plastic or polyester bottles. I presume the minister was not aware of the fact that this conflict brought about the non-returnable bottles, until Environmental Protection and Pollution Control stepped in because the country was being flooded with non-returnable bottles. Aside from the millions of bottles going to waste, there were the millions of dollars going into replacements.

● (1600)

Finally, in the early seventies, the Government of New Brunswick passed a resolution that 50 per cent of the bottles



should be returnable. Ever since, the war on returnable versus non-returnable bottles has been on.

The minister saw fit to ban the use of 1.5-litre bottles on the basis that they were dangerous equipment, not fit for use by the public.

And moreover, in every other case, when and where so-called hazardous material or equipment was used, solutions were found without destroying or axing the structure of the operation. Ways and means were found to resolve and overcome the difficulties. Why not give the same chance to the soft drink manufacturers who have spent millions of dollars to satisfy the public demands?

I beg the minister almost on my knees to review his hasty decision and consider the damage he has done; to give a chance to the producers to clear their stockrooms and warehouses before the cold weather sets in, as in most cases this stock is piled outdoors waiting for the frost to complete the job.

It is most urgent that immediate action be taken. Now that the minister is fully aware of his error and conscious of the loss to the country and the damage done right across Canada, I would beg him to repeal his decision and give the Canadian producers a chance to liquidate all existing stock, and then re-apply the ban if he so desires. Then we can all forget about the 1.5-litre bottle until a better solution has been found.

I must complete my remarks calling the banning of the 1.5-litre bottle a great fiasco, making hundreds jobless, and resulting in a loss of hundreds of millions of dollars to the soft

drink bottlers—which will hurt millions of consumers' pocket-books. It is sad to have to put up with so many governmental organizations who in order to prove their existence have nothing else to do than dream and make a mountain out of a molehill.

[*Translation*]

Honourable senators, I would like to add a few words in French to thank you for your kind attention.

[*English*]

**Senator Deschatelets:** Honourable senators, before moving the adjournment of the debate, I wonder if Senator Fournier would be kind enough to tell us when he made representations to the minister involved, and the minister to whom he is referring. Could he tell us what explanation was given to him for this ban?

**Senator Fournier (Madawaska-Restigouche):** I am pleased to answer that question. I did not make any representations myself. But I know that practically all the firms I mentioned—Coca-Cola, Pepsi-Cola, 7-Up, Crush—made representations at various times and received no satisfaction. That is all I can tell you. It was not my intention to speak personally to the minister, because I do not feel that that is my function, and I know that there is nothing I can do. The reason I have spoken is to bring this matter to the attention of the Senate, because I believe a great error has been committed and it was based on a lack of information.

On motion of Senator Deschatelets, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(See p. 323)

LIST OF RECOMMENDATIONS BY THE STANDING SENATE COMMITTEE ON  
BANKING, TRADE AND COMMERCE CONTAINED IN ITS REPORT  
DATED 10 DECEMBER 1975 ON THE STUDY OF BILL C-60, BANKRUPTCY ACT 1975*Terminology*

1. We recommend that the Bankruptcy Administrator be named Bankruptcy Supervisor; this would more closely describe his role in the bankruptcy and arrangement process.

2. The bill refers to a "Proposal" and is used in the context of an "offer", which "offer" if accepted becomes an "Arrangement". In our opinion, this is a confusing use of language and the term "Arrangement" should be used throughout.

3. We recommend that the terms pertaining to arrangements should be abbreviated as follows:

"Arrangement by way of Composition" should be abbreviated to

"Composition Arrangement";

"Arrangement by way of Extension of Time" should be abbreviated to

"Extension Arrangement",

and the term "preventive commercial arrangement" should be deleted as a preventive commercial arrangement only appears to prevent a bankruptcy.

4. The Bill uses the term "Bankruptcy Order" as opposed to the terminology under the present Bankruptcy Act of "a Receiving order in Bankruptcy" which change in terminology we are in accord with. As to the word "petition" we recommend that the Bill should refer to a "voluntary petition" or an "involuntary petition" so as to clarify exactly what type of proceedings have been followed.

5. The "Certificate of Non-Responsibility" should be changed to "Certificate of Discharge".

*Administration*

1. The office of the Superintendent of Bankruptcy is presently geared to handle "no asset personal bankruptcy" cases and, accordingly, we concur that their present policy should be so extended to include all "no asset personal bankruptcy" cases as we deplore the necessity of honest financial hardship cases being required to pay a fee in order to go bankrupt and free themselves of their debts. Private trustees should also be permitted to handle "no asset bankruptcies".

2. We are in accord with the provision whereby the administrator will administer arrangements for the consumer debtor; however, the Bill proposes to give creditors very little say in the administration of consumer and wage-earner debtor arrangements. We are of the opinion that necessary amend-

ments should be made to the Bill whereby creditors have substantially more input in arrangements filed with the administrator.

3. We are of the opinion that the administrator must obtain input from interested creditors when opposing discharges and when applying to the court for an order imposing the status of "deemed bankrupt" and must not be granted the sole right to act independent of the trustee, the creditors and the inspectors of a particular file.

*Licensing of Trustees*

1. It is our opinion that the Minister of Consumer and Corporate Affairs plays a vital role in the appointments to the Office of the Superintendent of Bankruptcy both as an administrative control and as a cost control and, accordingly, it is our opinion that these appointments together with the renewal and issuance of trustee's licences should not be left solely to the discretion of the Superintendent of Bankruptcy. The procedures now instituted should continue under any future legislation. We have been advised by representatives of the Office of the Superintendent of Bankruptcy that under the present procedure there may be a delay in this area of administration. We, however, do not believe this delay to be of any great significance.

2. With regard to corporate licensing we recommend that Section 18(2) be amended to read:

"Every corporation that holds a licence may carry on the business of a trustee in bankruptcy or as a receiver throughout Canada and shall not, in respect of its operations as a trustee in bankruptcy or as a receiver, be construed to be carrying on the business of a trust company".

3. We recommend that there be an appeal process available directly to the court for the trustee who loses his license.

4. We recommend that Section 35 be amended to establish a higher standard of care to be imposed upon interim receivers and trustees.

*Duties and Responsibilities of Trustees*

1. No application to a court or to the administrator should be required for a redirection of mail. The trustee without an order should be entitled to require the post office redirect to the trustee mail addressed to the bankrupt for a period not exceeding three months from the date of the bankruptcy. A



court order should be required if the trustee wishes the redirection of mail to be extended beyond the three month period.

2. We agree with the recommendation of the Canadian Institute of Chartered Accountants as it pertains to the realization of assets.

3. We are of the opinion that in a bankruptcy, any surplus funds should be remitted to the trustee on the file and not to the administrator and only paid to the debtor if all monies owing to creditors have been fully discharged.

#### *Interim Receiver*

In our opinion an Interim Receiver should be appointed in the terms and conditions of a proposal as well as during the Notice of Intention period while the proposal is being formulated.

#### *Investigation by the Superintendent of Bankruptcy*

1. We concur with the extension of the investigatory powers of the Superintendent to include any offence committed in connection with proceedings initiated under the Bill whether or not the proceedings had in fact been commenced when the offence was committed.

2. Where information relating to the dealings and transactions of a person under investigation by the Superintendent is maintained in a permanent master file together with information relating to other parties, the Superintendent shall only be entitled to production of the source documents and the transcription of the data of such person stored in the permanent master file. The Superintendent shall not be entitled to remove from its usual location the permanent master file.

#### *Conflict of Interest*

1. We agree with the recommendation of the Canadian Institute of Chartered Accountants that the foregoing should be incorporate into the new Bankruptcy Act in substitution for Section 30.

2. We are concerned with the strict codification of the definition of the meaning of a conflict of interest within the statute and accordingly are of the opinion that the question of conflict of interest should be dealt with under the rules of conflict of the respective professional bodies.

3. Consideration should also be given to formulating amendments to the Bill whereby trustees may act in two or more estates which are related, particularly where we are dealing with parent, subsidiary, associated and, related companies, and husband and wife.

4. A solicitor who has acted for a debtor in a particular matter should be entitled to continue to act in that matter if the trustee and the inspectors are of the opinion that it would be beneficial to the bankrupt estate. This would permit the estate to take advantage of the knowledge of the matter acquired by the solicitor.

#### *Arrangements for the Consumer Debtor*

1. A debtor entitled to make a consumer arrangement should not include a debtor with liabilities in excess of twenty thousand dollars (\$20,000) or such other amount as may be prescribed excluding any debt secured by real property. Using the total amount of the liabilities of the debtor gives the most precise method of determining which debtor is entitled to make a consumer arrangement as opposed to a commercial arrangement.

2. The terms "extension arrangement" and "composition arrangement" should be defined in order to avoid any doubt as to the meaning of the terms.

3. The period of time which may elapse between the filing of a request for a proposal and the filing of a proposal or the rejection of the request should be limited to ten days.

4. A creditor whose debt is secured by real property should be required by the administrator to value his security. The difference between the debt and the value of the security should constitute a claim admissible in an arrangement. If a creditor does not value his security he shall be deemed to be fully secured.

5. Proceedings by all creditors to exercise a remedy against the debtor or his property should be stayed by the filing of a request for a proposal, save and except proceedings by a creditor to realize upon real property of the debtor subject to his security.

6. A creditor should be given the right to vote by voting letter on both an extension arrangement and composition arrangement. If a majority of the creditors do not approve an extension arrangement it should be held to be rejected. An extension arrangement is an offer of payment to the creditors which permits the debtor to continue using his assets. This privilege should only be accorded to a debtor if his creditors consent thereto.

7. Voting by creditors should be simplified by basing a creditor's votes on the dollar value of his claim.

8. Secured creditors whose claims are admissible in an arrangement should be given the right to realize upon property of the debtor subject to their security if there is one month's default in the performance by the debtor of his obligations under an arrangement.

9. An arrangement should be annulled if there is three months default in an arrangement, whether consecutive or not, unless such default is waived by the administrator.

10. If a proposal is annulled the debtor should be deemed to be automatically bankrupt. This would avoid any harassment of the debtor by his creditors and the administrative cost of separate bankruptcy proceedings. Any money deposited with an administrator on hand when an arrangement is annulled should be paid to the creditors of the debtor by the trustee in bankruptcy of the debtor. For ease of administrative conveni-

ence the administrator should act as trustee in bankruptcy where a consumer arrangement has been annulled.

11. The creditor should not be required to pay a fee to the administrator on any reasonable request by him for information concerning an arrangement and the performance by the debtor of his obligations thereunder.

12. Creditors should be required to file claims with the administrator. The provisions in the Bill waiving such a filing if the debt is acknowledged by the administrator could lead to serious abuse by collusion between the debtor and a creditor.

### *Commercial Arrangements*

The only term which should be used under part IV of Bill C-60 is the term "commercial arrangement". It should have a meaning equivalent to the meaning of "proposal" under the present Bankruptcy Act. The use of the adjective "commercial" will enable the proceeding to be distinguished from an arrangement by a consumer debtor.

### *Who is Affected by an Arrangement*

1. Section 91(2) of Bill C-60 should be amended in order to provide that a creditor is deemed to be affected by an arrangement only if his claim or any part thereof, is materially or adversely affected by the arrangement.

2. Recognition should be given to the fact that one creditor with several classes of claims may be affected by an arrangement in respect of one class of claim and may not be affected by an arrangement in respect of another class of claim.

3. Section 91(3) of Bill C-60 should permit the court to determine to what extent a creditor may be affected by an arrangement.

### *Who may Make a Commercial Arrangement*

1. The provisions of Bill C-60 which allow persons other than the debtor to make a commercial arrangement for the debtor will only be viable if powers are given to such parties to control the property and affairs of the debtor.

2. If a commercial arrangement is made on behalf of the debtor by someone else pursuant to the provisions of Section 93(3) of Bill C-60:

(a) if the debtor is a corporation the trustee named in the commercial arrangement should be entitled to vote the shares of the corporation at all meetings of creditors of the corporation held during the period in which the arrangement is outstanding. Thus the trustee would be entitled to elect the board of directors of the corporation.

(b) if the debtor is an individual the trustee named in the commercial arrangement should be appointed attorney for the debtor with complete powers to manage the business affairs of the debtor and to control the non-exempt property of the debtor during the period in which the arrangement is outstanding.

### *Notice of Intention*

1. Section 94(2) should be amended to provide that where a notice of intention has been filed with respect to a debtor no creditor of the debtor may exercise a remedy against the debtor or his property or institute or continue a proceeding for the recovery of a claim without leave of the court.

2. The debtor must obtain leave of the court to file a notice of intention to make a commercial arrangement and such leave should not be granted unless a licensed trustee is appointed interim receiver of the property and assets of the debtor.

3. Immediately after the filing of a proposal, the trustee named in the proposal should be appointed interim receiver of the property of the debtor with such powers as may be set out in the proposal or as the court may determine.

4. The court could authorize the interim receiver to perform one or more of the following functions depending upon the circumstances:

- (i) to take possession of the property and assets of the debtor;
- (ii) to control the receipts and disbursements of the debtor;
- (iii) to manage the business of the debtor;
- (iv) to inspect the books and records of the debtor;
- (v) to make an inventory of the property and assets of the debtor;
- (vi) to borrow for the purpose of financing the business of the debtor and to pledge the assets of the debtor as security for such loans;
- (vii) to receive daily the cash receipts of the business of the debtor and to control the disbursements of the debtor.

5. The trustee named in the notice of intention or in the proposal should be required to stipulate which of the above mentioned powers would provide the creditors with sufficient protection without undue expense.

### *Acceptance by Creditors*

1. Acceptance of a commercial arrangement by any class or sub-class of creditors should require an affirmative vote equal to 60% of the votes cast.

2. If one class or sub-class of creditors does not vote in favour of acceptance of a proposal the proposal should be held to be not to have been accepted by the creditors.

### *Definition of Classes of Creditors*

1. Unsecured creditors whose claims rank on the same level in the order of priority set out in Section 254 of Bill C-60 should constitute a separate class.

2. Secured creditors whose claims are payable out of the same property pro rata on an equal basis should constitute a separate class.



3. For the purposes of a commercial arrangement, a class of creditors may be divided into a sub-class based on the amount of the claim or the type of claim or creditor.

4. A commercial arrangement may stipulate that the classes and sub-classes of creditors may be affected differently.

#### *Chairman of Meeting of Creditors*

Bill C-60 should retain Section 279 (1) which stipulates that at every meeting of creditors, the administrator or his nominee, shall act as chairman.

#### *Voting*

1. The right of a creditor to vote by voting letter on a commercial arrangement should be retained.

2. The trustee should be required to mail a voting letter to each creditor with the notice of the meeting of creditors.

#### *Inspectors*

1. At the first meeting of creditors held to consider the terms of a commercial arrangement, the creditors shall be entitled to elect inspectors for the purpose of advising the trustee acting in the commercial arrangement.

2. The inspectors should be entitled to all the powers of inspectors in a bankruptcy insofar as they may be applicable to the commercial arrangement unless such powers are restricted or enlarged by the terms of the commercial arrangement.

#### *Effect on Security Agreement*

Notwithstanding the terms of a security agreement, the court should be granted the power to determine whether the filing of a proposal should accelerate repayment of a loan or constitute default under the terms of a security agreement. This would be very desirable if the constitutional problems created could be resolved.

#### *Amendment to Commercial Arrangements*

Specific references in Bill C-60 should deal with the right to amend a commercial arrangement and the problems arising from an amendment. Such provisions should include the following:

(a) If a proposal is amended prior to the mailing of notices of the first meeting of creditors, only the amended proposal should be mailed to the creditors.

(b) An amended proposal, whether amended before or after the meeting of creditors, or before or after the approval of the proposal by the Court, should be deemed to have taken effect as of the date of the filing of the original proposal. This result would contrast with the consequence of a second proposal being filed by the debtor. A second proposal would only take effect as of the date it was filed.

(c) A proposal may be amended and voted upon at a meeting of creditors without further notice to the creditors if the amended proposal provides all the creditors affected by it with benefits equal to or better than those provided by the original proposal.

#### *Default in Performance of Terms of Commercial Arrangements*

For the purpose of attacking improper transactions such as fraudulent preferences after the proposal has been annulled, the date of bankruptcy should be deemed to be the date of the filing of the notice of intention or of the proposal.

#### *Priority of Wage Earners*

It is the opinion of your Committee that the provisions of Bill C-60 providing that a claim for wages up to \$2,000.00 has priority over all other secured creditors should be struck out. Consideration should be given to the creation of a government administered fund under the authority of the Bankruptcy Act out of which unpaid wages of employees could be paid forthwith upon the bankruptcy. The claim for unpaid wages would cover wages in arrears to a limit of \$2,000.00 and should not include vacation pay, severance pay and fringe benefits. Contributions to this fund could be received from employers and employees. The trustee in bankruptcy would ascertain complete details of the unpaid wages, provide the necessary information to the officials administering the fund and distribute the payments to the unpaid employees. The fund could be subrogated to the rights of the employees and rank as an unsecured creditor in the distribution of the assets of the bankrupt.

The representatives of the Department of Consumer and Corporate Affairs who appeared before us estimated that the annual amount to be disbursed by such a fund throughout Canada would not likely exceed \$4,000,000.00 if severance pay is not included. Since there are over 9,000,000 employees in the work force in Canada, the amount of each contribution would be relatively modest.

The representatives of the Department who appeared before us stated that a fund of the nature contemplated would provide the employees with the best possible protection. The creation of an insurance fund would assure payment of wages in arrears to a maximum of \$2,000.00 whereas the method of priority proposed under the Bill gives no such assurance.

#### *Stay of Proceedings*

All creditors should be permitted to take any steps necessary to perfect their security such as registration or giving notice to third parties, notwithstanding the fact that bankruptcy proceedings have been commenced. This does not mean that there would be no restrictions with respect to their realization upon the assets of the debtor subject to their security.

### *Realization by Secured Creditors*

1. The stay of proceedings imposed upon the realization by a secured creditor should be modified. If permitted by the security instrument, the secured creditor should be allowed to take possession of the property of the bankrupt subject to his security, to carry on the business of the bankrupt and to collect the accounts receivable of the bankrupt. Upon the making of a bankruptcy order, the right of the secured creditor to realize or sell the property of the bankrupt out of the ordinary course of business should be stayed for ten days from the date the secured creditor files with the trustee a proof of claim setting out the following information if applicable or for ten days after the first meeting of creditors, whichever is the later:

- (a) The total balance owing;
- (b) The amount of any payments in arrears;
- (c) The security agreement;
- (d) The court order appointing a receiver;
- (e) The instrument appointing an agent or receiver;
- (f) All acts taken to date and expenses incurred;
- (g) The method of sale proposed by the secured creditor;
- (h) An estimate of the value of the property;
- (i) Details of the property in the possession of the secured creditor.

2. Such a proof of claim should be filed by the secured creditor with the trustee within ten days after receiving a notice from the trustee requiring the same. If the secured creditor does not file such a claim, the secured creditor should be required to deliver all the property of the bankrupt in his possession to the trustee.

3. Upon the filing of the notice of an intention to make a proposal, a proposal or a petition for a bankruptcy order, any party, including an interim receiver, should be entitled to apply to the court for a stay of the proceedings by a secured creditor. Such an order should only be granted if the postponement does not cause hardship to the secured creditor and no payment of principal or interest is delayed for more than six months. A similar power is given to the trustee in bankruptcy in Section 242(1).

4. In addition, the court should be given the power to control the method of realization by a secured creditor and the costs incurred in the realization. The costs and expenses of realization by a secured creditor should be subject to taxation by the court. The secured creditor should be required to pay to the trustee any surplus remaining within fifteen days after the accounts have been taxed.

In these recommendations, your Committee has attempted to maintain an even balance between the right of a secured creditor to realize upon the assets covered by the security agreement for which he bargained when he loaned the money to the bankrupt and the need of the trustee in bankruptcy to have a reasonable time to assess the situation in order to obtain the maximum recovery for unsecured creditors.

### *Exempt Property*

1. Property that does not vest in the trustee for distribution among the creditors of the bankrupt should include all property which is exempt from seizure under federal and provincial law.

2. No maximum limit should be imposed upon the value of such exempt property.

3. Uniformity of exemption across the country is not necessary.

### *Unenforceability and Review of Transfers*

The definition of "insolvent" should be enlarged to read as follows:

"A person is insolvent if:

- (a) a fair realizable value of his property would be insufficient to pay all his certain and liquidated debts whether due or not, or
- (b) if he is unable to pay all his debts which are certain, liquidated and payable, or
- (c) if he has ceased to pay his debts generally as they become due."

### *Definition of Gift*

The definition should be changed to read:

"(b) a gratuitous designation of a beneficiary under an insurance contract."

### *Use of Term Unenforceable*

The word "invalid" should be substituted for the word "unenforceable". It should also be used in Section 155(5) of Bill C-60 which uses the term "void" with a relation to reviewable transactions.

### *Right of Trustee to Rely on Provincial Legislation Avoiding Transactions*

A specific section should be included in Bill C-60 to provide that a trustee in bankruptcy is entitled to rely on provincial legislation to set aside fraudulent conveyances, fraudulent preferences and any other transactions which are invalid as against creditors under provincial law. Creditors are entitled to the maximum amount of protection available.

### *Security for Pre-Existing Debt*

Section 161(1) should be deleted since the provisions relating to the avoidance of fraudulent preferences are sufficient to protect creditors.

### *Validity of Assignments of Book Debts and Other Security Instruments*

1. Section 166(1) of Bill C-60 should be deleted. The present Bankruptcy Act and Bill C-60 do not require registra-



tion of debentures, chattel mortgages or conditional sale contracts. The validity of these security agreements depends on provincial law. There is no logical reason for the treating assignments of book debts any differently.

2. Section 169 should be varied by deleting the words "third parties" and inserting in their place the words "a trustee in bankruptcy of the transferor".

#### *Rights of Trustee if Transfer Unenforceable*

1. Subject to recommendation 2, if a transfer is unenforceable as against the trustee, the trustee should be entitled to recover the property or the value thereof or the money or proceeds therefrom from the person who acquired the property from the bankrupt or from any other person to whom the original transferee may have resold or paid over the proceeds of the property.

2. If the subsequent transferee of the property has paid or given adequate valuable consideration for the property in good faith, a trustee should not be entitled to have recourse against him but should only be entitled to have recourse against the original transferee of the property for recovery of the consideration paid or the value thereof.

3. Where the consideration payable for or upon any sale or resale of such property or any part thereof remains unsatisfied the trustee should be subrogated to the rights of the vendor to compel payment of the amount unpaid.

4. The provisions of Section 161(2) of Bill C-60 should be deleted.

#### *Treatment of Non-Arm's Length Creditors*

1. Your Committee is in agreement with the provisions of Bill C-60 which provide that preferential transfers within longer periods prior to the date of bankruptcy may be attacked by the trustee but it is not in agreement with the introduction of the new untested terms and concepts.

2. A transfer that is a preference should only be set aside if it is proven that the transfer was made with the intent of the debtor to prefer the creditor.

3. A transfer that is preference in favour of a creditor with whom the debtor was dealing at arm's length should be invalid against the trustee where the transfer is made:

- (a) when the debtor is insolvent,
- (b) less than six months before filing of a bankruptcy petition, and
- (c) the debtor intended to give the creditor a preference.

The presumption contained in the present Bankruptcy Act that if such a transfer took place less than three months before the filing of a petition, the transfer was made by the debtor with the intent to prefer the arm's length creditor should be deleted.

4. A transfer that is a preference in favour of a creditor with whom the debtor was not at arm's length should be invalid as against the trustee where the transfer is made:

- (a) when the debtor is insolvent, and
- (b) the debtor intended to prefer the creditor.

If such a transfer took place less than twelve months before the filing of a bankruptcy petition, there should be presumption that the transfer was made by the debtor with the intent to prefer the creditor and the onus should be placed upon the creditor to rebut that presumption.

5. In addition, if the preferential transfer was made to non-arm's length creditor within one month prior to the filing of the bankruptcy petition, it should only be upheld if the consideration therefor was given within thirty days prior to the date of the transfer.

#### *Effect of Insolvency Clauses in Leases*

1. The rights given to a trustee in bankruptcy of a tenant by Section 183 of Bill C-60 are desirable but that section should specifically state that such rights may be exercised by a trustee notwithstanding any term or stipulation in the lease to the contrary.

2. Bill C-60 should include a provision that a debtor who has filed a commercial arrangement shall be entitled to retain the leased premises for the balance of the unexpired term of the lease notwithstanding any provision in the lease which gives the lessor the right to terminate it as a result of the filing of a commercial arrangement. Of course, the debtor must observe the other terms and conditions of the lease.

3. A similar provision should apply to leases of chattels.

#### *Preferred Claim of Landlord*

1. Section 183(13) which gives a landlord an unsecured claim for damages as a result of the disclaimer of the lease by the trustee should be deleted.

2. The right of a landlord to a preferred claim for three months accelerated rent should be continued.

3. Any payment made by the trustee on account of occupation rent should be credited against the claim of the landlord for accelerated rent.

4. A landlord should not be entitled to rank as a secured creditor for rent in the event of the bankruptcy of a tenant. This is the law in certain of the provinces at the present time. It is desirable to have uniformity in respect of this matter throughout the country.

#### *Inquiries by the Administrator*

We recommend that the Bill be amended to provide for input into the investigation by the administrator by interested parties such as creditors, inspectors and the Trustee; and that prior to the administrator's report being filed a summary procedure be established for a reply to the report by the Trustee, the bankrupt and/or his agents.

### *Liability for Deficiency in Bankrupt Estate*

1. The phrase "in his own interest" should be clarified in order to establish that it does not include any benefit enjoyed by the agent and others in their capacity as shareholders of the company.

2. The words "other than the corporation" should be inserted after the words "or the interest of someone related to him" in order to clarify the fact that the person related to the agent must be someone other than the corporation.

3. Sub-section 1(a), (b), (c) and (d) of Section 176 should use similar language. We would recommend that Section 176(1)(a) read as follows:

"to carry on business in a manner that, at the time, would not have reasonably been considered to be in the interests of the person."

Sub-section (b) would read:

"to enter into a transaction that, at the time of the transaction, would not have reasonably been considered to be in the interests of the person."

Sub-section (c) would read as follows:

"to refrain from carrying on business in a manner that, at the time, would reasonably be considered to be in the interests of the person."

Sub-section (d) would remain the same.

### *Imposing the Status of a Bankrupt*

1. The concept of deeming an officer or director of a bankrupt corporation to be a bankrupt should be deleted.

2. An officer or director of a bankrupt corporation who has been guilty of culpable conduct with respect to the affairs of the bankrupt corporation should have sanctions imposed upon him similar to those sanctions which may be imposed on an individual bankrupt who is guilty of improper conduct.

3. The sanctions imposed upon a bankrupt should not derogate or affect the rights of third parties.

4. The complicated civil sanctions imposed upon an undischarged bankrupt as set out in Sections 210, 211, 212, 213 and 214 of Bill C-60 should be deleted.

5. An undischarged bankrupt and an agent for a bankrupt corporation should be prohibited from directly or indirectly carrying on the same or similar business to that carried on by the bankrupt for a period of two years from the date of bankruptcy. This prohibition would be automatically imposed upon the making of the bankruptcy order without the necessity of an investigation by the administrator. The court should have the power to reduce the period of prohibition or to remove that prohibition if the conduct of the bankrupt or agent was not subject to censure. The court should also have the power to extend the period of prohibition.

6. If a court found that the conduct of a bankrupt or the conduct of an agent of a bankrupt corporation was subject to

censure, the following restrictions may be imposed by the court for such period of time as the court may determine:

(a) He shall not be entitled to act as an officer, director or agent of a corporation;

(b) He shall be prohibited from directly or indirectly managing or carrying on any type of business.

Such an application could be brought by the administrator, the trustee or a creditor.

7. An individual bankrupt should be required to disclose the fact that he is subject to an order of the court vesting in the trustee the whole or part of his income or property to:

(a) all persons with whom he incurs debts in the course of carrying on a trade or business, and

(b) all persons from whom he obtains credit to the extent of \$500.00 or more.

8. A bankrupt or agent of a corporation who fails to follow these restrictions should be guilty of an offence punishable on summary conviction.

### *Meetings of Creditors*

1. We are of the opinion that the requirement to file a proof of claim "at least one clear day before the date fixed for the meeting" may be an onerous burden placed on the creditors and accordingly recommend that the creditor should be entitled to vote provided he files a claim up to the time called for the meeting and at the place the meeting is held. This method which is provided in the present Bankruptcy Act has not placed any undue hardships on the creditors and on the chairman of the meeting.

2. We recommend that voting be based on the actual dollar value of the claim allowed by the chairman of the meeting for purposes of voting.

3. We are of the opinion that the filling of a vacancy on the board of inspectors by a meeting of creditors is a costly and unnecessary expense to the bankrupt estate and recommend that the present practice continue whereby a vacancy on a board of inspectors can be filled by a meeting of inspectors.

### *Board of Inspectors*

1. We are of the opinion that the maximum number of inspectors in an estate should be 5 and that representatives of the Crown must be elected by the creditors to be an inspector. Also, the position of Supervisor should be eliminated and in its stead the Trustee should be required to send notices of all meetings of inspectors to the Bankruptcy Administrator, who may designate a person to attend such meetings of inspectors as he deems necessary.

2. In our opinion, the present provision where a Trustee is a chairman of inspector meetings works well and should be continued.

3. We are of the opinion that implementation of the provision of Section 295(2) will result in an unnecessary expense



and vacancies should be filled by the surviving inspectors on any estate.

4. In addition to the powers of inspectors, we recommend that the Trustee must present annually for approval to the inspectors a statement of receipts and disbursements on his administration, which statement or a summary thereof when approved should be forwarded for information purposes to all known creditors in a file.

#### *Order of Priority*

1. Your Committee concurs with the removal of the preferred position of claims of the Crown.

2. Subsections 254(1)(i)(vi), 257(2), 257(3), and 257(4) should be deleted.

3. Subsection 254(1)(j) which provides for payment of interest after the date of bankruptcy should have priority over Subsection 254(1)(i). The order of priority of the subsections should be reversed.

#### *Discharged of Debts*

1. The present provisions of the Bankruptcy Act should be retained subject to the removal of the anomaly that only debts for goods supplied as necessities of life are not discharged. All debts incurred for *goods supplied* or services rendered for necessities of life should not be discharged.

2. If a creditor seeks to establish that the debt owing to him by the bankrupt is not discharged by the bankruptcy he should be required to file a notice of opposition to the discharge of the bankrupt. The failure to file such a notice shall have the effect that such a debt and all other debts of the bankrupt outstanding at the date of the bankruptcy shall be discharged with the exception of those debts listed in Section 233 of Bill C-60. Upon the filing of such a notice of opposition the court should direct a trial of an issue before the Registrar or any judge or officer of any of the courts of the province in order to determine whether or not the particular debt is discharged by the bankruptcy. The order of discharge should set out any debts for necessities or incurred as a result of fraud which are not discharged.

#### *Stockbrokers*

1. Where securities are in safekeeping or "segregation", they should not be treated as assets of the stockbroker. Those securities should be returned to the clients as quickly and as inexpensively as possible. In most cases there is little difficulty in determining which securities are in safekeeping and to whom they belong.

This recommendation is not intended to continue the cumbersome concepts of tracing. The rights of the trustee to return securities under these circumstances should be strictly limited to securities in "safekeeping" which should be defined in the Bill. Securities in transit should not fall within this definition.

2. Securities belonging to related or deferred customers should vest in the trustee in bankruptcy for the benefit first of customers whose securities are lost or misplaced or whose pledged securities have been sold, and subsequently in the order of priorities provided in the Bill.

3. The following provision should become applicable if a compensation or contingency fund established by the securities industry is in existence and participates in a bankruptcy. Where such a contingency fund is in existence and participates in a bankruptcy, its involvement is normally either:

(i) to guarantee the bank indebtedness or the stockbroker so that the bank will not realize on its security and there will not be a shortfall, or

(ii) to reimburse individual customers with respect to any shortfall resulting from the sale of pledged securities or from any loss or misappropriation of securities or money.

Customers with claims for securities in transit should be treated in the same fashion as customers whose securities were delivered to the stockbroker to secure the indebtedness of the customer to the stockbroker. All such customers should share equally in the money and securities in the possession of the trustee at the date of bankruptcy save and except the securities held by the stockbroker in safekeeping which should be returned to the customer by the trustee as soon as possible after the bankruptcy has occurred. The concept of a special customers' fund should be maintained to give the customer whose securities were not in safekeeping the greatest possible protection. This would result in a general sharing of the burden of the loss among such customers and simplify administrative problems.

There are a number of problems to this approach. The first of these is to determine what kind of contingency fund should permit the use of this provision. Provincial securities legislation refer to compensation funds or contingency trust funds required in respect of registrants under such legislation. If such a fund is satisfactory for the purposes of that legislation, it should be considered to qualify for the purposes of the Bankruptcy Act.

A second difficulty is the determination by the trustee in Bankruptcy of when the contingency fund has become committed to involvement in a bankruptcy. Such a fund should be required to do some overt act to establish its involvement. Once it becomes involved, the claims of all customers, other than related and deferred customers, should be satisfied by the assets of the stockbroker and the fund. The securities in safekeeping would be returned to the customers immediately. Any deficiencies arising with respect to securities in transit, proceeds of pledged securities or securities which have been lost, misappropriated or misplaced should be made up by the contingency funds. Thus, the customers would be completely protected.

The specific commitment that a trustee in bankruptcy would require from the fund would be for it to either guarantee all bank indebtedness or to undertake that all customers other than related or deferred customers were fully compensated at the conclusion of the bankruptcy for any loss suffered as a result of the bankruptcy.

4. If no contingency or compensation fund was in existence or if such fund could not or did not participate, the following provisions would apply:

(a) All securities in safekeeping would be returned to the customers;

(b) Customers who are able to trace their securities using tracing rules specifically set out in the Bill would be entitled to receive all the securities which they could trace. A codification of the rules relating to tracing would alleviate the necessity of the trustee in bankruptcy spending time and money to obtain court approval with respect to all but the most unusual situations. This would result in a more rapid and less expensive resolution of stockbroker bankruptcies.

The rules of tracing should be based on the following principles:

- (i) Securities which are "in transit" may be claimed where they can be identified or traced to the customer;
- (ii) Where the securities of a particular type on hand equal or exceed the claims of customers, other than related and deferred customers, for securities of that type, the securities would be returned;
- (iii) Where the securities of a particular type on hand are less than the claims of customers, other than related and deferred customers, for securities of that type, a pro rata distribution of the securities on hand would be made.
- (c) All other moneys and securities of all customers, including related and deferred customers and the stockbroker would be pooled and either liquidated or used in specie at their values as at the date of the bankruptcy. The distribution of the proceeds and/or the securities would be made to all customers, other than related and deferred customers, on a pro rata basis.

#### *Insurance*

1. With respect to a non-life insurance company third party liability claims should rank rateably with other types of claims under a policy. This maintains the law as it presently exists under the Winding Up Act.

2. Claims for the value of subsisting policies should be subordinated to claims arising under a policy issued by a non-life insurance company.

#### *Receivership*

1. The Bill should stipulate a standard of conduct which a secured creditor or a receiver is required to adopt in realizing on security and out of which he cannot contract. We would recommend that the secured creditor or receiver should be required to act in a commercially reasonable manner with respect to matters relating to realizing upon the property of the debtor. If a secured creditor or receiver deviates from such a standard he would be liable to the trustee for any damages suffered.

2. The provisions of Section 242(1) of Bill C-60 which provide the trustee with the right to apply to the court for an

order postponing realization by a secured creditor should also be applicable to realization by a receiver.

3. Sections 343 and 344 of Bill C-60 should be deleted.

4. The court should have the power to tax the remuneration and the expenses of the receiver and to order the receiver to pay to the trustee any surplus funds realized from the assets of the debtor.

#### *Courts*

1. The office of the registrar in bankruptcy should be retained. The registrar should continue to perform functions similar to those being performed at the present time, such as:

- (a) adjudicating on unopposed matters;
- (b) the appointment of an interim receiver;
- (c) ruling on disallowance of claims;
- (d) setting the remuneration of the trustee, interim receiver and accountant;
- (e) taxation of the costs of realization of a secured creditor including the costs of a receiver;
- (f) taxation of solicitors' accounts;
- (g) hearing matters relating to practise and procedure;
- (h) hearing trials of issues referred to him by a judge of the Supreme or Superior Court;
- (i) settling and signing orders and judgments.

2. The office of the registrar should maintain its traditional independence and should be free from outside direction and control.

3. The office of registrar should only be filled by a lawyer.

#### *Designation of a Bankruptcy Judge*

The present system whereby the Chief Justice of a province may designate specific judges to hear bankruptcy matters should be continued.

#### *Powers of the Court to Discharge Bankrupt*

1. Bill C-60 provides that upon his discharge, the bankrupt is entitled to a certificate of non-responsibility. The more accurate description of the procedure in our view would be achieved by the use of the term "discharge" as in the present Bankruptcy Act.

2. The ninety day period provided in Bill C-60 for the filing of a caveat by the administrator is too short a period of time in our view. If a notice of opposition has not been filed within six months after the date of the bankruptcy a certificate of discharge should be issued without an order of the court.

3. The creditors and the trustee in bankruptcy should be given the right to oppose the discharge of the bankrupt along with the bankruptcy administrator.

4. If a notice of opposition is filed, the trustee must apply for a date for the hearing of the bankrupt's application for dis-



charge and notice of the date of hearing must be given to the person filing the notice of opposition and to the bankrupt.

5. Each creditor and the administrator would be given thirty days' notice by the trustee of the fact that the bankrupt would be entitled to a certificate of discharge automatically unless a notice of opposition was filed.

6. The court upon an application for discharge could:

(a) suspend the granting of the certificate of discharge for any period of time up to a maximum of five years;

(b) order the bankrupt to pay a portion of his future earnings to the trustee for distribution among his creditors, provided that the amount to be paid shall leave the bankrupt with earnings not less than the amount of the earnings which are exempt from seizure under provincial law.

#### *Powers of the Court to Authorize Advance to Trustee or Solicitor on Account of his Remuneration*

1. The present practice of requiring the trustee to obtain court approval of an advance on account of his remuneration should be retained.

2. A similar approval of the court should be required for an advance to a solicitor.

#### *Taxation of Accounts*

1. The trustee should prepare his final statement of receipts and disbursements and insert therein the amount claimed for remuneration. A copy of this statement should be sent to all creditors and to the bankruptcy administrator for the district. If there is an objection by a creditor and/or the administrator, the trustee must apply to the court for an order fixing the

amount of his remuneration. Notice of the application and all supporting material should be served on the person filing the notice of opposition at least ten days prior to the date of the hearing.

2. If there is no objection to the statement of receipts and disbursements, the trustee should be entitled to apply ex parte to the administrator to have his accounts taxed. Upon the passing of the accounts the administrator would not have the power to vary the amount claimed for remuneration. If the administrator is satisfied that the accounts are correct, he would issue a certificate of termination which would certify that the appointment of the trustee has been terminated.

#### *Accounts of Solicitors*

The account of a solicitor for services rendered to the bankrupt estate should be submitted to the trustee and to the administrator. If either party objects to the amount of the account within fifteen days, the solicitor must take out an appointment for taxation of the account by the court. Notice of the appointment should be served upon the trustee and the administrator at least ten days prior to the date of hearing. If no objection to the account is served, the account should be paid by the trustee as soon as sufficient funds are available.

#### *Control over the Administrator*

The court should be given the power to review and overrule the decisions of the administrator upon the application of the bankrupt, any of the creditors or any other person who is aggrieved by his decision. This power should not apply to decisions of the administrator in routine administrative matters.

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## THE SENATE

Thursday, November 15, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### COASTAL FISHERIES PROTECTION ACT

#### BILL TO AMEND—REPORT OF COMMITTEE

**Senator van Roggen**, Chairman of the Standing Senate Committee on Foreign Affairs, reported that the committee had considered Bill S-3, to amend the Coastal Fisheries Protection Act, and had directed that the bill be reported without amendment.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Macdonald** moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

### BUSINESS OF THE SENATE

#### ADJOURNMENT

**Senator Roblin:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday next, November 19, 1979, at 8 o'clock in the evening.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Senator Olson:** Mr. Speaker, before leave is granted, I wonder if the deputy leader would give us a brief explanation of why he thinks it imperative that we meet on Monday evening.

**Senator Roblin:** I thank my honourable friend. I should be glad to give that explanation. The other place is now dealing with Bill C-23, which, as honourable senators may recognize, is the supply bill. It is anticipated that that bill will be disposed of in the other place by about 4.30 tomorrow afternoon, which means that the earliest time we can deal with it is on Monday. The urgency arises from the fact that unless this bill receives favourable consideration here by Tuesday there will be some problems in supplying money for the activities of the government, including the payment of the wages of the civil service.

● (1410)

So my hope is that the house will agree to meet on Monday evening and on that occasion consent to give not only first but also second reading to that supply bill. Should that happen, it has not been the custom, so far as I am aware, to refer such

bills to committee but rather to deal with them in this chamber.

If the bill is read the second time on Monday, it will then be suggested that it be considered again on Tuesday night, in the hope of securing third reading and passage at that time. That would enable the financial machinery of government to remain in gear in order to make sure that the obligations of the government are respected.

I would solicit the co-operation of the Senate in this respect.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Senator Roblin:** Perhaps I might be allowed, Mr. Speaker, to say that the Clerk has given me notice of committee meetings for next week and, if it is the wish of the Senate, I might give those times now in case there should not be another opportunity.

**Senator Flynn:** I think we should put the question first.

**Senator Roblin:** I thought I would give the information before the question was put.

**Senator Flynn:** The question was with leave, however.

**The Hon. the Speaker:** Honourable senators, I take it that leave is granted.

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** With leave of the Senate and notwithstanding rule 45(1)(g), it is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Flynn, P.C., that when the Senate adjourns today it do stand adjourned until Monday next, November 19, at 8 p.m. Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

#### COMMITTEE MEETINGS

**Senator Roblin:** May I have leave to make an announcement about the committees, honourable senators?

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

**Senator Roblin:** The Banking, Trade and Commerce Committee will meet on Tuesday next at 9.30 in the morning and again at 2.30 in the afternoon. The Legal and Constitutional Affairs Committee will meet at 2.00 p.m.; the National Finance Committee will meet at 2.30 p.m.; the Northern Pipeline Committee will meet at 2.30 p.m.; and the Internal



Economy Committee will meet at 4.15 p.m. All of those times are for Tuesday next.

## CANADA-UNITED STATES RELATIONS

### FOREIGN AFFAIRS COMMITTEE AUTHORIZED TO MAKE STUDY

**Senator van Roggen**, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Foreign Affairs be authorized to continue its examination of and report upon Canadian relations with the United States;

That the papers and evidence received and taken on the subject in the Twenty-Ninth and Thirtieth Parliaments be referred to the committee;

That the committee be empowered to engage the services of such counsel and technical, clerical and other personnel as may be required for the purpose of the said examination and for the purpose of its examination and consideration of such legislation and other matters as may be referred to it, at such rates of remuneration and reimbursement as the committee may determine, and to compensate witnesses by reimbursement of travelling and living expenses, if required, in such amount as the committee may determine; and

That the committee have power to sit during adjournments of the Senate.

Motion agreed to.

• (1415)

## QUESTION PERIOD

[English]

### PROVINCE OF QUEBEC

#### RESULTS OF BY-ELECTIONS

**Senator Perrault**: I have a question to put to the Leader of the Government regarding the results of the by-elections held yesterday in the Province of Quebec. The by-election results in that province seem to constitute a very positive indication—

**Hon. Senators**: Hear, hear.

**Senator Perrault**: It is good to note the applause for the outcome of those particular by-elections. The results constitute a positive indication by the people of that province that they favour continuation of Confederation as opposed to separatism.

I ask the leader: Is the government planning any positive response, any new initiatives, to support the efforts of the people of Quebec to remain a part of the Canadian family?

The Right Honourable the Prime Minister, when questioned on this matter on November 2, was rather vague about any plans that he may have in mind. I wonder whether the by-election results may have firmed up the resolve of the

government to be more supportive of positive initiatives in Quebec.

**Senator Flynn**: Honourable senators, even if I am a big "C" Conservative—

**Senator Langlois**: A small "c" conservative.

**Senator Flynn**: No, no; in this particular instance I am a small "c" conservative, but I share the enthusiasm of the Liberals, either big "L" or small "l" Liberals, with regard to the three Quebec ridings which elected Liberal members yesterday.

**Hon. Senators**: Hear, hear.

**Senator Flynn**: I am very comforted by the results, because I think they support the attitudes of the present federal government toward the problem in Quebec. It is one of not seeking confrontation but leaving Quebecers to decide on their own what they want in the future. That does not mean that the present government will remain inactive. It has been active in many ways up to now, and will continue to be, in order to prove to Quebecers that the best thing for them is to remain within the federation and within a united Canada.

[Translation]

**Senator Denis**: Honourable senators, I should like to put a supplementary question. In view of the fact that the Honourable Roch La Salle, Minister of Supply and Services, is considered as being sympathetic to separatism, I would like to know in which of the three ridings he was a nuisance.

**Senator Flynn**: I do not think, honourable senators, that he was a nuisance, because in the constituency of Prévost, which is the nearest to his own constituency, the Liberal candidate got the largest majority. I can reassure my good friend, Senator Denis, that the Minister of Supply and Services, the Honourable Mr. La Salle, was as pleased as I was with the results. I spoke to him this morning and there is no doubt about our position. We on this side do not intend to make partisan politics out of the referendum question. I hope that the members on the other side will take the same attitude.

[English]

## ORDERS AND DECORATIONS

### CHANGE IN WORDING OF PREAMBLE

**Senator Lang**: Honourable senators, I have a question for the Leader of the Government in the Senate which, I suspect, he may wish to take as notice. I should like to say that, unfortunately, I have been unable to frame the question in such a way as to bring embarrassment to the government, because the events to which the question refer occurred last year.

By way of recital, I should like to say that my question relates to the three honorific institutions that we have under the federal system, namely, the Order of Military Merit, the Canadian Bravery Decorations and the Order of Canada.

• (1420)

Honourable senators, appointments to these Orders are published in the *Canada Gazette*. In connection with the Order

of Canada, I note on January 14, 1978, the following preamble:

The Governor General, the Right Honourable Jules Léger, in his capacity as Chancellor and Principal Companion of the Order of Canada, and with the approval of Her Majesty the QUEEN of Canada, Sovereign of the Order, has appointed the following Canadians—*et cetera*.

That preamble is in conformity with article 9 of the constitution of the Order of Canada. On July 8 last year we had the following preamble:

The Governor General, the Right Honourable Jules Léger, in his capacity as Chancellor and Principal Companion of the Order of Canada, has appointed the following Canadians, who have been recommended for such appointment by the Advisory Council of the Order—

Honourable senators, with respect to the Canadian Bravery Decorations and the Order of Military Merit, the same thing applies. In other words, from these gazetted announcements, there have been omitted since the beginning of last year the words which I quoted previously:

—with the approval of Her Majesty the QUEEN of Canada, Sovereign of the Order—

My question is: Was the omission of those words inadvertent—which I can hardly presume from the fact that they are omitted from the preambles respecting all three honorific titles—or deliberate? If the omission of those words is deliberate, does that constitute one more attempt by a person or persons unknown to divest Canada of its monarchical tradition?

**Senator Flynn:** Honourable senators, because I wish to give an objective reply, I shall have to take that question as notice. I do not know whether Bill C-60 had anything to do with it.

**An Hon. Senator:** Touché.

## ENERGY

### DOMESTIC OIL PRICE—FEDERAL-PROVINCIAL NEGOTIATIONS

**Senator Olson:** Honourable senators, I should like to ask the Leader of the Government the same question that I have asked each day for the past two weeks: Since the meetings between the Prime Minister and the Premier of Alberta in Saskatoon yesterday seemed to end without an agreement, or at least without an announcement of an agreement, are any additional meetings scheduled between those two first ministers and perhaps first ministers of other producing provinces? If not, presumably the Prime Minister intends to make a decision and announce it. If that is the procedure to be followed, when can we expect that announcement regarding oil prices?

**Senator Flynn:** I may say that there was no agreement reached yesterday or the day before during the course of the meetings between the Prime Minister and Premier Lougheed. But the door is not closed; negotiations are continuing. We are still optimistic about an agreement eventually being reached.

**Senator Olson:** I have a supplementary question for the Leader of the Government. I will not pursue this matter very

[Senator Lang.]

far today, although there was some press speculation. I have to say that I disapprove of anyone on this side of the house having to obtain his or her information from press reports, which contain speculation. We would like to get the straight goods from the government.

**Senator Perrault:** From the horse's mouth.

**Senator Olson:** Yes. I suggest that there was some speculation that there was a large measure of agreement on many parts of the package. Could we find out what it is that they did not agree on that is still subject to negotiation? If they are so close—and Premier Lougheed does not seem to agree that they are that close—when can the general public of Canada rest their minds as to how much this increase is going to be?

**Senator Flynn:** It will be as soon as possible.

## SCIENCE AND TECHNOLOGY

### RESEARCH AND DEVELOPMENT—GOVERNMENT FUNDING

**Senator Perrault:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. Canadians have listened with a great deal of interest to the minister's statements about a revival of Canadian industry—his plans to expand industry, to broaden its base and, in effect, “to bake a bigger economic pie.” A great many inspirational talks have been given by the minister since he assumed his important responsibilities.

However, certainly many Canadians are disturbed by a statement made by the Minister of State for Science and Technology, the Honourable Heward Grafftey, who is reported to have said yesterday, when appearing before a committee of the other place, that the government will increase total research and development funds by less than 2 per cent in the next fiscal year, which is far below the rate of inflation.

**Some Hon. Senators:** Shame, shame!

**Senator Perrault:** Given the fact that science and technology are vital components in making Canadian industry competitive, surely the Minister of Industry, Trade and Commerce must be disturbed about this proposal to invest so little in research and development. Perhaps the minister would share with us some of his views on this matter.

**Senator de Cotret:** I would be very happy to do so. However, I would like to take the specifics of your question as notice. I would like the opportunity of reading the transcript to assure myself that the statement in question is not taken out of context. While I am sure the honourable senator would not deliberately take the statement out of context, I would like to assure myself as to exactly what components of science and technology my colleague in cabinet was referring to.

As I have mentioned in a number of talks I have given across the country in the last little while, one of the basic cornerstones of our approach to economic development in this country is a greater emphasis on research and development, investment and innovation. I have said repeatedly that this government would substantially increase its efforts in these



fields so as to improve the very poor performance that we as a country have experienced in the field of research and development, lagging far behind the performance of that of most of our industrial trading partners.

**Senator Haidasz:** And how!

**Senator de Cotret:** That is our intent.

**Senator Haidasz:** Japan's is 90 per cent.

**Senator de Cotret:** Japan's is 90 per cent of what? Are you saying that Japan spends 90 per cent of its GNP on research and development? Come now!

A number of measures will be announced, some possibly in the budget, some through other forums, aimed at improving our research and development efforts in this country. Without looking at all of the various components of research and development in which the federal government is involved or which it may support, I can assure honourable senators that there will be an appreciable increase in the level of funding in the coming fiscal year.

**Senator Perrault:** Honourable senators, I rise to ask a supplementary. One of the election promises of the Progressive Conservative Party was to double the budget for science and technology by 1985. Yet, we appear to be moving in what can only be described as a highly negative fashion.

I again go to the remarks made by the cabinet colleague of the Minister of Industry, Trade and Commerce before the committee of the other place, and I quote:

All told . . . the government's total science and technology expenditures in 1979-80 will increase by \$28 million . . . or less than one per cent of the gross national product—

This statement flies in the face of all of the statements made by the Right Honourable the Prime Minister during the campaign and by the Minister of Industry, Trade and Commerce—

**Senator Flynn:** What year?

**Senator Perrault:**—and by such distinguished people as the Leader of the Opposition.

**Senator Flynn:** You are still forgetting.

**Senator Perrault:** The Leader of the Government. I do not want to be accused of living in the past.

**Senator Flynn:** You certainly are. You are talking of the past.

**Senator Perrault:** This is the first time I have made that mistake.

**Senator Asselin:** You will do it again.

**Senator Perrault:** It must be acutely distressing, particularly for the industrial sector of this nation, to be faced with this very dire outlook for science and technology. Indeed, Dr. William Schneider, President of the National Research Council, is reported to have said that the effect of the cuts could be devastating for small businesses in this country, and surely assistance to small businesses was one of the cardinal princi-

ples which featured that passionate Conservative campaign in May. Where is the program? Where is the proposal to double research allocations by 1985?

● (1430)

Dr. Schneider said he hoped the program would receive at least \$5 million more this year, but it was granted only \$1.3 million to bring the total budget to \$19.2 million. Surely this is totally insufficient to meet the targets set forth by the minister.

**Senator de Cotret:** Honourable senator, I very much want to give you a complete answer to your question. I take it that my honourable colleague was appearing before the committee on estimates.

**Senator Perrault:** In the other place, yes.

**Senator de Cotret:** I also take it that my honourable colleague was referring to the fiscal year 1979-80. He could not have been referring to 1980-81. I would like to remind the honourable senator that the estimates for that particular department, for 1979-80, were very significantly cut in the expenditure constraint program of the previous government, and this has left many of our research endeavours in this country in very poor shape. We are working on restoring some of the expenditures that have been cut in these areas, and when you see the estimates for 1980-81, you will see that we are taking a very comprehensive view of research and development, and not living in the past, as you are, when you quote numbers that the last government put in place, making very significant cuts in an area that is very important to the health of our whole industrial structure.

**Senator Perrault:** You know, at some point in the life of this government the "honeymoon" period—that period in which it is always possible for a new government to use the "escape hatch" and say, "Don't blame us, blame the previous government"—is going to be over. The fact is, that fiscal year does not end until March 31, 1980. The truth is that no encouragement at all for adequate research allocations was given by the Honourable Mr. Grafftey in his remarks yesterday before the committee in the other place. Indeed, he dropped all reference to 1985, and the target to double research funds by that year. And again today, essentially, the statement made by the minister is another cop-out. At some point the government is going to have to deliver on many of the Tory promises which buoyed up the hopes of Canadian businesses, particularly small businesses, in recent years.

Here we have, Mr. Minister—and I do not want to make a speech—

**Hon. Senators:** Order! Order!

**Senator Perrault:** Here we have a situation where many small businesses are against the wall because of rising interest rates, and now they have been served with a "double whammy". They are told, "We are not going to help you through the degree of research and technology allocations that we promised."

**Hon. Senators:** Oh, oh!

**Senator Hicks:** Honourable senators, when the minister makes his comprehensive reply concerning research and development, will he please include the research and development expenditures by grants directed to universities and other research institutions as well as in-house research at the National Research Council, so that we may have a complete picture before us?

**Senator de Cotret:** Yes. I can give the honourable senator assurances that university research is very high on the list of priorities. It is already an item that is before cabinet, and it features prominently in our over-all plan for research and development in this country over the next five years. We attach great importance to the whole spectrum of research and development—as the honourable senator well knows, it is a chain that is only as strong as its weakest link—and we will certainly be giving due consideration to the primary research being conducted by Canadian universities.

#### DEVELOPMENT OF STOL AIRCRAFT

**Senator Haidasz:** In view of the fact that the Minister of Industry, Trade and Commerce, in reply to a question yesterday with regard to the STOL aircraft research in the de Havilland Company, said that we are doing quite well in terms of research and development with regard to this corporation and others, could the minister explain to this chamber why his department, the Department of Industry, Trade and Commerce, has been delaying a decision for the past two months on a request from de Havilland, Toronto, for a \$2 million grant for development of its DASH-10, a new commuter plane, to replace the twin Otter?

**Senator de Cotret:** The request for the extended funding for the DASH-10, which is the new model of the STOL aircraft, is not being delayed by my department. This was a request made under the DIPP program. The DIPP program, for the current fiscal year, is totally allocated, and we have made a request to Treasury Board for additional funding so that we can move expeditiously in dealing with this application. We are awaiting what we hope will be a favourable response from Treasury Board in terms of increasing the ceiling under the DIPP program.

**Senator van Rогgen:** As a supplementary to that same question, honourable senators, would the same minister undertake, in arranging his answers to questions by the Leader of the Opposition, to instruct his officials to look carefully at testimony given before the Foreign Affairs Committee of the Senate a couple of years ago on the subject of research and development? To the best of my recollection, the evidence indicated that, in addition to the need for direct government assistance in the case of small businesses and, of course, institutions like universities, there is a further need for tax incentives to encourage large business to make its own decisions in expenditures for research and development rather than

rely on the largesse of bureaucrats in terms of what they can research. I hope that will be part of the minister's answer when he responds to the Leader of the Opposition.

**Senator de Cotret:** We are actively reviewing not only the potential for cash expenditures in this area, but also the potential for tax expenditures. As you know, there is also a compelling case that can be made for the grant approach, particularly in the case of universities. In other instances, the tax expenditure route can possibly be more effective, and that is very much under active consideration as we put together a comprehensive R&D plan for this country.

#### TRANSPORT

##### RAILWAYS—CARRIAGE OF HAZARDOUS PRODUCTS—SAFETY STUDY

**Senator Thompson:** I should like to ask a question of the Leader of the Government. An editorial appears in the *Globe and Mail* and refers to the study done by Professor Julius Lukasiewicz of Carleton University. The study points out that there were 300 derailments a year on Canadian railways. In the article Professor Lukasiewicz indicates that deficiencies are found in 17 per cent of the annual inspections carried out by the Canadian Transport Commission.

In view of the tragedy in Mississauga, would it be the intention of the government, during the course of its investigation, to look at the safety and efficiency of Canadian railways and at what inspections are made by the Canadian Transport Commission?

**Senator Flynn:** I must say that the occurrence of this terrible accident in Mississauga is a great preoccupation of the government. It has directed the Canadian Transport Commission to make an investigation into the circumstances, as well as the implications of the accident. I am hoping that decisions and recommendations will be made very soon that will directly prevent the recurrence of such an event.

**Senator Thompson:** I take it from the Leader of the Government's remarks that the terms of reference of the study will be broad enough to include the safety of the railways.

As a further supplementary, in the short term, I believe there is still anxiety on the part of people living in or near Mississauga with respect to interim measures which could be taken. Questions were asked by Senator Godfrey and Senator Bosa concerning these interim measures, and the leader responded that he would immediately bring forward any interim measures that the government would take, such as not coupling chlorine and propane cars. Does the Leader of the Government have any information for us in that regard?

**Senator Flynn:** The only response I can give concerning that is that the minimum measures that can be taken, are envisaged to be taken at this time; and that the long-term problem is also of concern to the Minister of Transport. Eventually decisions will be made both on the short-term problems and on the longer-term solutions.



● (1440)

**Senator Thompson:** With the knowledge that every day a ton of chlorine is used by industry including the waterworks in Toronto, and therefore going into the very heavily populated area of Toronto, it seems to me that it would be proper for the government to give some assurance that some immediate action is being taken. The obvious solution to one question that comes to the mind of everyone living in or near Toronto is that a chlorine tank should not be coupled between two highly explosive propane tanks. It would be of great reassurance to us if the government would act immediately in giving us that assurance.

**Senator Flynn:** Obviously, the total solution to this problem, if one is available, would be to end this practice. The suggestion was made also that that kind of train should not go through urban areas, that it should be directed outside of urban areas. These, of course, are all options under consideration by the Department of Transport and by the Canadian Transport Commission. While they are already fully aware of these matters, I am quite sure that they will appreciate the suggestion made by the honourable senator.

**Senator Thompson:** What I am really seeking, honourable senators, is an immediate guarantee by the government. I suggest that re-routing is something that has to be looked at, perhaps in the longer term, but I certainly suggest that the question of coupling, which I see is something the Leader of the Government agrees with me on, is a natural, logical precaution, and it would be reassuring if the Leader of the Government could say that as of now, today, to those of us returning to Toronto, quite apart from the people already in Toronto, that this is being done.

**Senator Flynn:** I will check on that. It may be that this is already being done by the railway company and that other things are also being done. I am quite sure that the railway company does not want this to happen again.

## ENERGY

### DOMESTIC OIL PRICE—FEDERAL-PROVINCIAL NEGOTIATIONS— STAND OF PREMIER OF ONTARIO

**Senator Thériault:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce, or perhaps it is rather more a favour that I want to ask of him. If he cannot assure me that he can fulfill my request, perhaps he would ask his seat-mate to do it over the weekend.

My question arises from the fact that up to now there is still no apparent agreement between the federal government and the Premiers of Alberta and Ontario regarding an oil and gas price. I wonder if the honourable minister would convey to the Premier of Ontario the appreciation and thanks of the people of New Brunswick especially, and I am sure a great number of people from Nova Scotia and P.E.I., for the approach and stand that has been taken by the Premier of Ontario in this whole question of the pricing of gas and oil, which is different from the approach taken by the Premier of New Brunswick,

who seems to be more concerned with an increase in the price of oil and gas so that he can gain more money in equalization payments than showing any concern for the direct hardship that this terrible increase is going to cause to the people of New Brunswick during the coming winter.

**Senator de Cotret:** Honourable senators, I have certainly taken note of the honourable senator's comments, and I will acquaint the Minister of Energy with his point of view. I am sure he will take whatever steps he deems appropriate in the circumstances.

**Senator Thériault:** What I am really asking the minister to do is to convey the message from the people of New Brunswick to the Premier of Ontario, which may give him some more strength to keep up the fight.

### MOVEMENT OF OIL FROM ALASKA TO LOWER FORTY-EIGHT STATES

**Senator van Roggen:** I have a question for the Minister of Industry, Trade and Commerce. I am sure the minister will forgive me for my preoccupation with the subject of the northern tier pipeline, a project which I feel, if proceeded with, would not be in Canada's best interests—and I am sure we agree on that. I happen to feel strongly that it would not even be in the best interests of the United States, subject only to certain offers being forthcoming from Canada.

My question is in two parts: First, am I correct in my understanding—and the minister may wish to take this part of the question as notice—that the President of the United States, who must make a decision on this question by a date which I believe is December 6, or something of that sort, may, in making that decision, make no decision at all? In other words may he choose no pipeline?

Whether the answer to that question is yes or no, my second question is: In view of the cancellation of President Carter's trip to Ottawa when this was to be a major item on the agenda to be discussed in depth, as expressed by the minister in answering my question a week or so ago, have alternative meetings at the highest level, other than heads of state, namely at the level of the Canadian minister and the American secretary, been scheduled to pursue this matter prior to the deadline for the decision of the President, and, if so, on what date and at what location?

**Senator de Cotret:** Well, honourable senator, I think I can answer the first part of your question and I might have to take the second part as notice.

It is my understanding that the President must make a recommendation to Congress on December 6. He need not, as I understand it, come out in favour of one or another of the proposals. You are quite right, I believe, in saying that he may make no decision. There is a third option also open to him, and that is to make any recommendation that he may deem appropriate in terms of future or further evaluation of the various proposals. So there is quite a range of options open to the President. It is not a clear-cut "this project or that project" type of recommendation or decision.

In terms of your second question, I will once again indicate that on the agenda for the President's visit here there was a substantial amount of time reserved for the discussion of energy questions in general and this one in particular, and there has been a decision on this issue as on other issues, as I indicated to Senator Bosa last night. Discussions will continue at the official levels between now and the time when a visit by the President can be organized. But I will have to take notice of your question in terms of the specifics of who would participate, and the precise dates of any such meetings.

**Senator van Roggen:** I certainly hope it will be pursued at the ministerial level, at least. Thank you.

### RULES OF THE SENATE

SENATORS WITH MINISTERIAL RESPONSIBILITIES AUTHORIZED TO APPEAR BEFORE COMMITTEES OF THE HOUSE OF COMMONS

**Senator Olson:** I wonder if I could ask the Deputy Leader of the Government if he is aware of any request having been made by the Minister of Justice or the minister responsible for CIDA seeking permission from this house to appear before a House of Commons committee?

**Senator Roblin:** Honourable senators, I must confess that I am not aware of any such request having been made, and I presume my honourable friend would like to comment upon that state of affairs.

● (1450)

**Senator Olson:** Honourable senators, rule 104 is very clear. There is no ambiguity in those words at all. It says:

(1) When the House of Commons requests that a senator or any of the officers, clerks, or servants of the Senate attend before the House of Commons to be examined or—

And this is what is pertinent here.

—appear before any committee thereof, such request shall be by message from the House of Commons requesting that the Senate grant leave to such senator, officer, clerk or servant to attend.

Subsection (3) of rule 104 says:

Without such leave, a senator, officer, clerk or servant of the Senate shall not—

I should like to underline "not".

—on any account, under penalty of being committed to the Gentlemen Usher of the Black Rod or to prison during the pleasure of the Senate, go down to the House of Commons, or send his answer in writing, or appear [before any committee].

The rest I will not read. It seems to me that there is no ambiguity in that rule at all.

Therefore, if the minister for CIDA and Minister of Justice wish to remain legally within the rules of this house they should arrange for permission if they want to appear before House of Commons committees. I say that, because it is being dismissed lightly. There probably is a bit of a comical element,

[Senator de Cotret.]

but there is also a serious element. I have done some checking into why that rule is in here, and it is to make certain that no senator can be subpoenaed by the House of Commons or a committee thereof. Therefore, we should not handle it lightly, because we know what happens to precedents.

**Senator Flynn:** I don't see why you say "lightly".

**Senator Olson:** Precedents become acceptable practices after a while.

I understand that these two ministers have been before House of Commons committees on several occasions. If that is so, they are in violation of rule 104, and I would like them to stay out of trouble and stay out of jail by correcting their inadvertence, if that is what it was, because I am sure they would not have done it if they had known about this.

**Senator Flynn:** On a question of privilege. I think I can speak for Senator Asselin on this. We are willing to surrender ourselves to the Gentleman Usher of the Black Rod. I don't know where he will commit us to prison—perhaps in the Peace Tower—but we are willing to serve for a few minutes, if that is the desire of the Senate, in order to show our respect for the rules. Because we do respect them.

However, it is obvious that this rule was designed for senators who are not members of the administration, and there are valid reasons for that. While Senator Olson may have looked back to the reasons for this, he did not appreciate that there is quite a difference between a senator being forced or invited to appear before a House of Commons committee and a minister, with his responsibilities as a departmental head, appearing and explaining, not his position as a senator, but his position as a minister, which is quite different.

In any event, I would think this could be solved, at least for the time being, after Senator Asselin and I have served our term of a few minutes, or even several hours if you wish. But I am quite sure that you would not want us to be absent from this chamber. You would be really sorry if we were absent from a sitting of the Senate, and you were not able to question us because we were confined in the Peace Tower.

Senator de Cotret has just been invited to appear before a committee of the House of Commons at 3.30.

I would therefore move, honourable senators, that senators who are members of the cabinet be not constrained by rule 104, but that they be allowed to appear before any committee in their capacities as members of the cabinet.

**Some Hon. Senators:** With leave.

**Senator Flynn:** With leave, evidently. If leave is not granted, then I withdraw my motion now and I am willing to serve my term before moving it.

**The Hon. the Speaker:** I take it that the Leader of the Government has moved a motion.

**Senator Flynn:** I asked leave.

**The Hon. the Speaker:** Is leave granted, honourable senators, for the Leader of the Government to move the motion?



**Senator Olson:** Mr. Speaker, before leave is granted, I want to suggest to the Leader of the Government that he has admitted he is guilty.

**Senator Flynn:** Yes.

**Senator Olson:** He has admitted that he is willing to serve time.

**Senator Perrault:** Throw him on the mercy of the Senate.

**Senator Olson:** I think we on this side would be sufficiently generous as to release them on their own recognizances.

**Senator Flynn:** Parole.

**Senator Buckwold:** For good behaviour.

**Senator Olson:** The problem is that we now have this admission that they have flaunted the rules of this house. This is not the first time a minister has appeared before a Commons committee without seeking leave. If they had been denied leave from this house to make that appearance, that is one set of circumstances. But they were not denied, because they never even bothered to ask, and the Leader of the Government agrees that that is also the case. Perhaps they can take it lightly, and I am willing to go part way with that.

**Senator Flynn:** I hope so.

**Senator Olson:** I should like to know from the Leader of the Government at what stage he takes off his Senate hat so that he is no longer a senator.

**Senator Flynn:** No, no.

**Senator Olson:** Rule 104 does not qualify or hyphenate a senator.

**Senator Flynn:** I agree.

**Senator Olson:** If he is a senator he must not go without permission.

**Senator Smith (Colchester):** No.

**Senator Olson:** There are no qualifications in that rule at all. I think this house would have given him and Senator Asselin, and Senator de Cotret who wants to go today, permission if they had asked. I am not going to resist leave being granted to the Leader of the Government to get a specific request for Senator de Cotret to go today, but if the interpretation put on this rule by the Leader of the Government is to stand, then the wording doesn't mean anything and we should change it, if that is what needs to be done. I do not happen to think that we should change it, because I believe that we have to assert our independence in our rules that say a senator cannot be sent for.

I expect that senators are among the few people in Canada who are immune to a subpoena by House of Commons committees, and perhaps they are the only ones. I think we should maintain that independence, so let us not disregard this rule so lightly. We could give leave for today, but I think there had better be an examination of this rule if this is the kind of interpretation that is to be put on it.

**Senator Flynn:** Would the honourable senator permit a question? When we ask a member of the House of Commons to appear before one of our committees because he is a minister, does the honourable senator think the same rule should apply?

**Senator Olson:** The answer to that is very simple. We, on the floor of this house, do not interpret the rules of the House of Commons. Whatever the rules are over there, they are enforced by their own Speaker.

● (1500)

**Senator Smith (Colchester):** On a point of order, I think one has to look carefully at rule 104 and I ask the Deputy Leader of the Opposition to do just that, not from the point of view of seeing if he can amuse himself or other senators about it but, rather, with a careful effort to see if he can understand what it means. It reads:

104. (1) When the House of Commons requests that a senator or any of the officers, clerks, or servants of the Senate attend before the House of Commons to be examined or appear before any committee thereof, such request shall be by message from the House of Commons—

I am not aware that the House of Commons has made any request to any member of the Senate, whether or not he is a minister, to attend before it. I have not heard any evidence produced by the Deputy Leader of the Opposition to indicate that that is the case. As I understand it, the ministers are appearing voluntarily before the committee. If they refused, or did not wish to do so voluntarily, then rule 104(1) would have to be invoked.

The purpose for which the rule is put in place, surely, is simply to prevent one house having the right to summon the members of another house to answer charges before that house.

**Senator Olson:** It does not say that.

**Senator Smith (Colchester):** It does say that. Look at subsection (3):

Without such leave, a senator . . . shall not, on any account . . . go down to the House of Commons, or send his answer in writing, or appear by counsel to answer any accusation there.

Now, nobody has been making any accusations against these ministers—except some of these rather absurd accusations that they have not immediately remedied all the sins of the late government. So I say nothing has happened to invoke this rule at all.

I would be one of the first, provided I was agile enough to catch the Speaker's eye first, to support the Deputy Leader of the Opposition in his contention, if there was any thought of coercion or any thought of interfering in any way with the privileges of this house, or indeed of the other house, in the appearance before the committees of one by a member of the other. But I say that so far nothing has happened to make rule 104 applicable and, therefore, there is nothing to become disturbed about or in any way to take offence at. Indeed, one

should, I think, be happy that these distinguished colleagues of ours have not only attained the high office which is theirs, but that they have willingly and gladly and without any coercion or any formalities, without any application of the rules, been perfectly willing to share their knowledge with a committee of the other house for the help and assistance of that committee and the illumination of that committee.

**Senator Perrault:** Don't go too far!

**Senator Frith:** Just on that point of order and to be sure that we have it clear on the record, Senator Smith, when reading subsection (3), skipped some rather significant words.

**Senator Perrault:** Oh, he would never do that, surely!

**Senator Frith:** He read, "Without such leave, a senator, officer, clerk or servant of the Senate shall not, on any account . . ."—he read that part—" . . . under penalty . . ." et cetera, and then he skipped right over to "answer accusations." But what it says is:

—go down to the House of Commons, or send his answer in writing, or appear by counsel—

And then follows the part that he read:

—to answer any accusation there.

I think it should be clear that, as Senator Smith read the words of subsection (3) that served his argument, which he is entitled to do, he did omit some rather significant words.

**Senator Perrault:** Just accidentally.

**Senator Smith (Colchester):** I omitted no significant words whatsoever. Indeed, when I make an argument that depends on the omission of words which ought to be there, that will be a strange day indeed, and one which I don't think the honourable gentleman will be around to see.

**The Hon. the Speaker:** The question before the house is: Shall leave be granted?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** No.

**Senator Olson:** Now move the motion.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Some Hon. Senators:** Agreed.

**Some Hon. Senators:** No.

**Senator van Roggen:** Am I too late to join in the debate, honourable senators?

**Senator Flynn:** The question has to do with leave for the motion.

**Senator van Roggen:** I am sorry.

**The Hon. the Speaker:** Honourable senators, the Leader of the Government has asked for leave to move a motion. He outlined in general terms the motion. So the question before the house is: Is leave granted?

**Some Hon. Senators:** Agreed.

[Senator Smith (Colchester).]

**Some Hon. Senators:** No.

**The Hon. the Speaker:** May I ask that only those who say "nay" respond?

**Senator Frith:** May I ask, Mr. Speaker, if leave is being asked to debate this, or what? I don't quite understand.

**Senator Godfrey:** Leave for what?

**The Hon. the Speaker:** I regret very much that I do not seem able to make myself clear. I have said on several occasions that the question before the house is: Is leave granted to the Leader of the Government to move a motion?

**Senator Godfrey:** Nay.

**Hon. Senators:** Agreed.

**Senator Godfrey:** Perhaps I should explain why I said "nay" to the question. I understood that the honourable senator wanted to change the rules.

**Senator Olson:** No.

**Senator Flynn:** No, that is not the idea.

**Senator Godfrey:** Do you mean you just want permission for Senator de Cotret to go?

**Senator Flynn:** Yes.

**Senator Godfrey:** Oh, that is fine. I thought you had made a motion earlier in which you wanted, in effect, to change rule 104.

**Senator Flynn:** I do not want to amend the rules. I wanted to ask leave for senators, who are members of the administration, to appear before committees when they are requested to do so in their capacities as ministers. That is all.

**Senator Perrault:** No, that was not all.

**Senator Olson:** That is not what I understood.

**Senator Godfrey:** That is, in effect, changing the rules. I am not objecting to your motion in any way, but I think it is of sufficient importance that it should be referred to the Rules Committee. In the meantime—

**Senator Flynn:** I will withdraw my motion and simply move that Senator de Cotret be authorized to appear before the Finance and Trade Committee of the House of Commons this afternoon—without being subjected to the penalty of going to prison in the Peace Tower.

**Senator Perrault:** Include Monday as well.

**Senator de Cotret:** We don't need Monday.

**Senator McIlraith:** It would be wiser to take Monday as well. You never know.

**Senator Perrault:** Include Monday.

**Senator de Cotret:** All right. Include Monday.

**Senator Flynn:** Very well.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.



**Senator Olson:** So you can now put your motion.

**The Hon. the Speaker:** Leave is granted to the Leader of the Government to move his motion.

**Senator Flynn:** The motion that I make is that Senator de Cotret, without prejudice to the interpretation of the rules, be given leave to appear this afternoon and possibly Monday.

**Senator de Cotret:** Yes, include Monday just in case.

**Senator Flynn:** Let us say "until the Rules Committee has had the opportunity to examine this rule and report thereon." And I would suggest that it be not merely for Senator de Cotret but for my colleague Senator Asselin and myself.

**Senator Thériault:** For the three wise men, yes.

**The Hon. the Speaker:** Is it agreed?

**Senator Argue:** I don't see why in this motion you need to refer in any way to changing the rule. The rule is there and it is clear. I think what Senator Flynn wanted to do, initially at any rate, was to ask that Senator de Cotret be given leave to appear before that committee, let us say between now and the time the Senate next sits. I do not really think, with the greatest of respect, that you can have any reference to the rules being considered at another time. Let us stick to the one thing.

• (1510)

**Senator Flynn:** I have no objection to that, but I must appear before a committee myself next week. I do not know exactly what day that will be, and I may ask leave to attend, but at this time I only ask for forgiveness.

**Senator Argue:** We will give you leave.

**Senator van Roggen:** Honourable senators, I do not wish to prolong this discussion, but I feel that there is no question that this chamber cannot be less than forthcoming in permitting ministers responsible for government departments to appear before House of Commons committees, any more than we would want to restrict ministers from the House of Commons appearing before our committees.

However, it seems to me that we are breaking the rules all over the place. As I read rule 104, I see that it is on a message from the House of Commons. We only have a message to the Leader of the Government. I do not think we have a message from the House of Commons. However, I will not quibble over that.

I would simply like to have it clear that we are giving an interim consent to these ministers to discuss departmental matters before committees of the House of Commons, not the House of Commons as a whole, and that the matter be referred to the Standing Committee on Standing Rules and Orders. Is that what you are asking for?

**Senator Flynn:** That is what I was asking.

**Senator Smith (Colchester):** I do not want the Senate to look any sillier than it has to.

**Senator Argue:** Then you know what you can do.

**Senator Smith (Colchester):** This, it seems to me, is really reducing the thing to complete absurdity. If that is what honourable senators wish to do upon reflection, then, of course, they are perfectly at liberty to do so. In any event, I do ask that my point of order be seriously considered, because I believe careful reading of the rule will show clearly that no infraction thereof has yet taken place, as far as any evidence we have is concerned, and there is no need for permission of this chamber to be given to a senator who is a minister to appear voluntarily without a message from the House of Commons.

I feel that that is a very important thing to be decided. I would not like the passage of this motion giving leave to Senator de Cotret, or whomever, to be in any way taken as an indication that I agree that the rules do not need to be examined in this case.

**Senator Perrault:** Your Honour, may I suggest that, with the utmost dispatch, this matter be dealt with by a motion?

**Hon. Senators:** Oh, oh.

**Senator Perrault:** No, the general question of ministers appearing before Commons committees should be referred to the Standing Committee on Standing Rules and Orders. This should be in the form of a motion, and should come before the Senate as soon as possible.

**Senator Flynn:** I suggest that we do not need that. I think the committee has had sufficient notice to know that it should look into this matter. I think, as well, that Senator Smith's point of order is well taken.

**The Hon. the Speaker:** Honourable senators, certain senators have raised important points of order with respect to rule 104. I understand that it has now been moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Roblin, P.C.:

That notwithstanding any interpretation that may be made of rule 104, permission be granted to the three senators who are members of the ministry and have departmental responsibilities to respond to requests to appear before committees of the House of Commons until such time as a ruling may be made by the Chair or a decision reached by the Senate on the recommendation of the Standing Committee on Standing Rules and Orders.

Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

## AGRICULTURE

### CHICKEN IMPORT QUOTAS—LIST OF COMPANIES WITH ENTITLEMENTS

**Senator Argue:** I should like to direct a question to the Minister of Industry, Trade and Commerce. This question has to do with giving information in this chamber and not some other place.

On Wednesday, November 7, as *Hansard* of that date will show, I asked this question:

Will the minister produce for honourable senators a list of the companies, with their entitlements for the importation of chicken into Canada—

Senator de Cotret replied:

Yes, I shall be very happy to provide that list.

My question is obvious, and it is: Can we have the list which shows the entitlements soon?

**Senator de Cotret:** Yes, I shall be very happy to provide that list very shortly. However, there is a legal question about the potential confidentiality from the point of view of competitive elements in terms of the specific numbers associated with the name of each firm. We are having that cleared from a legal point of view before I answer the question.

**Senator Argue:** I hope the broadest interpretation might be given to this, because it is very much in the interest of producers and the industry that this kind of list, which is a public list, be made public. I think it would be misinterpreted if this list, and the entitlements, should be kept secret. The producers have been in Ottawa and have had mass meetings. They are very disturbed about this. As I understand the minister's response, I think this list with entitlements will be made available.

## FOREIGN AFFAIRS

### STATEMENTS BY IRANIAN CHARGÉ D'AFFAIRES

**Senator Perrault:** Honourable senators, I have a question to put to the Minister of Industry, Trade and Commerce, or perhaps the minister who answers for External Affairs.

Widely reported in the Canadian media this morning was a statement attributed to the Iranian chargé d'affaires, Mohammad Adeli. He is reported to have said:

Canada could reap a rich harvest of Iranian money and trade if this nation stands neutral in the bitter U.S.-Iran standoff—

The chargé d'affaires is further reported to have said:

Billions of Iranian dollars now sit in U.S. banks, Iran wants to withdraw them, and some of the cash may find its way to Canadian financial institutions—

An External Affairs spokesman is reported to have said that meetings will be held today with the Iranian representatives in order to determine what specific suggestions exist to bring economic windfalls for Canada from the present situation.

This report appears on page 1 of today's issue of the *Ottawa Journal*.

I wonder whether the minister could tell us if, in fact, conversations are under way with Iranian officials today to exploit the unfortunate situation which exists at the present time in Iran.

**Senator de Cotret:** I will have to take the question as notice. I have no direct knowledge of meetings of that nature. Given the announcement of the President of the United States vis-à-

[Senator Argue.]

vis Iranian assets in the United States, it would surprise me if there are, but I will take the question as notice.

### ISRAEL—DETENTION OF MAYOR OF NABLUS

**Senator Macquarrie:** I should like to direct a question to the Minister of State responsible for the Canadian International Development Agency. I may say to Senator Olson, though, that I do not regard him, Senator Asselin, as a criminal, a felon or a malefactor. Perhaps he is not even a sinner, but I am not God so I will not go into that area.

I pose my question as one who has a deep yearning for peace in the Middle East and a continuing belief in the existence of a state of Israel.

Considering the laudable interest of this government and the Secretary of State for External Affairs in human rights and humanitarian issues, can the minister advise if the Canadian government has made any representations to the friendly Government of Israel in reference to the curtailment of the liberties of His Worship, Bassam Shakaa, Mayor of Nablus, in the occupied West Bank?

**Senator Asselin:** Honourable senators, the government is aware of the fact that the Mayor of Nablus has been arrested. We have not received any confirmation that he has been expelled. In any event, the government, as you know, does not normally comment on individual cases such as this, arising out of the Arab-Israeli dispute. However, any act which is committed that could prejudice or complicate the search for a just and lasting peace in the Middle East is a concern of this government. We will follow the matter.

● (1520)

### ZIMBABWE-RHODESIA—JOINT COMMONWEALTH GROUP

**The Hon. the Speaker:** Are there delayed answers to questions?

**Senator Flynn:** Yes, Mr. Speaker.

Yesterday Senator Macquarrie asked about the possibility of Canada's participation in a group which would have as its objective the bringing of peace to Zimbabwe-Rhodesia. I might say in response that we have not received any formal request from the British government. Nor have we been informed as to what kind of task force would be required in this situation. The minister made it known in Lusaka that Canada would be prepared to take part in the effort to arrive at some internationally acceptable solution in Zimbabwe-Rhodesia, and that meant that Canada would be prepared to help in monitoring the election process. No prior commitment has been made to send peacekeeping troops, or police even, should they be asked for.

Certainly a formal request will be given full consideration upon its receipt.



## TRANSPORT

### HIGHWAY CARRIAGE OF NUCLEAR MATERIAL—SAFETY REQUIREMENTS

**Senator Flynn:** I have a reply to a question asked earlier this week by Senator Thompson concerning the transportation of nuclear materials.

The senator was particularly concerned about a nuclear device which he alleged was lost in transit in New Brunswick. I have ascertained that the package has been found. In fact, it never left the warehouse.

This leads me to the senator's second question concerning the labelling of nuclear materials. In reply I would say that it is my understanding that the bill to be introduced next week in the Commons relating to the transport of dangerous goods makes provision for stricter labelling of all such materials.

Finally, I will table, for the attention of Senator Thompson and all other senators, the specific federal regulations governing the transport of nuclear materials, as soon as they can be obtained from the Department of Transport.

### CANADIAN TRANSPORT COMMISSION—STAFFING CUT-BACKS

**Senator Haidasz:** I should like to direct a question to the Leader of the Government. In view of the record high level of derailments in Canada, and the serious responsibility of the Canadian Transport Commission to carry out annual inspections of Canadian railways and other modes of transportation, is the Leader of the Government aware that the already inadequate staffing in the Canadian Transport Commission is now being further reduced by another 100 people following the government's cut-backs, thereby further imperilling the safety of the public and movement of goods in Canada?

**Senator Flynn:** I am not aware of that fact, and I doubt that there is any relation between that situation and what took place in Mississauga.

### DERAILMENT AT MISSISSAUGA—ACTION TO AVOID SIMILAR OCCURRENCE

**Senator Flynn:** Honourable senators, I should like to take this opportunity to respond to some of the concerns raised by Senator Marchand and Senator Godfrey over the last two days relating to the Mississauga train derailment.

I have said that the Canadian Transport Commission investigation of the matter will begin in the first week of December, and will be very thorough in examining all questions raised in this chamber, in the other place, and elsewhere.

It is a fact that the CTC has been directed to seek information, on an urgent basis, relating to matters such as sensors for heat losses, et cetera, which could conceivably have a direct bearing on the level of safety offered to the public.

The minister is attempting to hurry the introduction of the bill relating to the transport of dangerous goods, so that it

might quickly reach the Commons committee, where he anticipates that members may bring forward their concerns in the form of proposed amendments to the bill. It is anticipated that the bill will be introduced in the Commons next week, and it is anticipated, therefore, that certain of these particular concerns could be legislated upon in advance of the final report of the CTC investigation.

I would suggest that the question of adequate staff of the CTC can be raised in the Commons committee, and, of course, it could be raised here when the bill reaches the Senate. At that time, the honourable senator may be able to see whether there is any relation between this accident and the lack of staff at the CTC.

## FEDERAL DISTRICT COMMISSION BILL

### SECOND READING

The Senate resumed from Tuesday, November 13, the debate on the motion of Senator Choquette for the second reading of Bill S-10, to confirm the authority of the Federal District Commission to have acquired certain lands.

*[Translation]*

**Senator Lafond:** Honourable senators, last Tuesday I asked that this debate be adjourned to allow me to get additional information. Those data, which I asked Senator Choquette to supply me with, were obtained very graciously and promptly less than 24 hours after I had requested them. Since then, I have also had the opportunity to consult with some of the authorities of the city of Hull, where I live, where I was born, and where my family took root over a century ago.

I agree with Senator Choquette that this project, whose realization depends on passage of this bill, will have a rather serious effect on the future and the economic development of the city of Hull. I invite honourable senators to adopt it quickly. I also share the view of Senator Choquette that it should be referred briefly to our Legal and Constitutional Affairs Committee. Senator Choquette should know—I do not—if he is a member of the Quebec Bar Association. As for me, though I am not a member of any bar association, since this is strictly a legal matter, I feel there is good reason to give members of the Quebec Bar the opportunity to study it further. I therefore leave the matter to honourable senators, and suggest that they give second reading to this bill.

*[English]*

**The Hon. the Speaker:** Honourable senators, shall I put the question?

It is moved by the Honourable Senator Choquette, seconded by the Honourable Senator Fournier (Madawaska-Restigou-

che), that this bill be now read a second time. Is it your pleasure, honourable senators, to adopt the motion? ● (1530)

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Choquette** moved that the bill be referred to the Standing Senate Committee on Legal and Constitutional Affairs.

Motion agreed to.

**RETIREMENT AGE POLICIES**

FIRST REPORT OF SPECIAL COMMITTEE ADOPTED

The Senate proceeded to consideration of the First Report of the Special Senate Committee on Retirement Age Policies which was presented on Tuesday, November 6.

**Senator Fournier (Madawaska-Restigouche):** Honourable senators, on behalf of Senator Croll, I move that the report be now adopted.

Motion agreed to and report adopted.

The Senate adjourned until Monday, November 19, at 8 p.m.



## THE SENATE

Monday, November 19, 1979

The Senate met at 8 p.m., Honourable Renaude Lapointe, Speaker *pro tem* in the Chair.  
Prayers.

### FOREIGN AFFAIRS

#### KIDNAPPING OF MEMBER OF LOWER SPANISH HOUSE—MOTION URGING RELEASE

**Senator Molgat:** Honourable senators, I rise to bring to the attention of the Senate an urgent and most distressing situation, Dr. Rafael Caldera, former President of Venezuela and presently President of the Inter-Parliamentary Council of the Inter-Parliamentary Union, has today brought to my attention the fact that Mr. Javier Ruperez, a Member of the Lower Spanish House and Foreign Affairs Secretary to the Union of the Democratic Centre, has been kidnapped by terrorists.

Therefore, I move, seconded by the Honourable Senator Bélisle:

That in the interests of humanity and respect for the parliamentary process the Senate urges that Mr. Javier Ruperez, a Member of the Lower Spanish House and Foreign Affairs Secretary to the Union of the Democratic Centre, a staunch defender of human rights who has been kidnapped by terrorists, be immediately released.

**The Hon. the Speaker *pro tem*:** Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

### REGULATIONS AND OTHER STATUTORY INSTRUMENTS

#### STANDING JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

**The Hon. the Speaker *pro tem*** informed the house that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. Froese had been substituted for that of Mr. McKinley on the list of members appointed to serve on the Standing Joint Committee on Regulations and other Statutory Instruments.

### APPROPRIATION BILL NO. 1, 1979-80

#### FIRST READING

**The Hon. the Speaker *pro tem*** informed the Senate that a message had been received from the House of Commons with Bill C-23, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1980.

Bill read first time.

**The Hon. the Speaker *pro tem*:** When shall this bill be read the second time?

**Senator Nurgitz:** Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that the bill be read a second time later this day.

**The Hon. the Speaker *pro tem*:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Report on the Actuarial Examination of the Royal Canadian Mounted Police (Dependents) Pension Fund as at March 31, 1978, together with Treasury Board Minute 767185, dated November 1, 1979, pursuant to sections 56(3) and 57(3) of the *Royal Canadian Mounted Police Pension Continuation Act*, Chapter R-10, R.S.C., 1970.

Report of the Postmaster General respecting Olympic coins for the period ending September 30, 1979, pursuant to sections 13(2) and 13(3) of the *Olympic (1976) Act*, Chapter 31, Statutes of Canada, 1973-74.

Report of the Master of the Royal Canadian Mint, including accounts and financial statements certified by the Auditor General, for the year ended December 31, 1978, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

● (2010)

### BUSINESS OF THE SENATE

#### ADJOURNMENT

**Senator Macdonald:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Tuesday, November 20, 1979, at 8 o'clock in the evening.

Motion agreed to.

### NORTHERN PIPELINE

#### COMMITTEE EMPOWERED TO ENGAGE SERVICES

**Senator Olson,** with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Special Committee of the Senate on the Northern Pipeline have power to engage the services of such technical, clerical and other personnel as may be necessary for the purpose of the committee.

Motion agreed to.

[English]

## QUESTION PERIOD

### NEWFOUNDLAND

#### RESULTS OF FEDERAL BY-ELECTION

**Senator Perrault:** Honourable senators, I have a question to put to the Leader of the Government. In our earnest quest for information, the opposition in this place wonders whether the Leader of the Government can confirm the fact that the Liberal Party is winning the by-election in Newfoundland by a two-to-one majority over all other parties. Does the Leader of the Government have similar information that would serve to confirm these interesting reports?

**Senator Flynn:** No. I have heard they are in the lead, but I would rather wait until the end before I comment.

**Senator Buckwold:** This is the end.

**Senator Olson:** The beginning of the end.

**Senator Flynn:** The bitter end.

**Senator Perrault:** It is my understanding, honourable senators, that the Liberal majority in that by-election has increased substantially over that achieved by the party in the May general election—a fact that is heartening, at least, to some of us in this chamber.

### THE BUDGET

#### ASSUMPTIONS RE FEDERAL-PROVINCIAL OIL PRICE AGREEMENT

**Senator Perrault:** I should like to ask a question of the Leader of the Government. Since May of this year, the nation has been teetering on the brink of a new budget. For a time the Honourable Minister of Finance stated that the reason for the budget delay was a lack of an oil price agreement. The Minister of Finance is reported to have stated this afternoon that he is “tired of waiting” and that he will proceed with a budget based upon “certain assumptions” regarding oil prices. I have two questions: First, what are some of these assumptions; and second, with the oil pricing issue such a vital if not critical component in the economy, how can the Minister of Finance possibly proceed with a realistic budget on the basis of the tenuous and unrestricted pricing situation that now exists?

**Senator Flynn:** In response to the first part of the question, I can only say that I am not about to make a budget speech here tonight. With regard to the second part of the question, I should like to say that if there is no agreement before the

budget there may be a decision by the government, and the assumptions may by then be realities.

**Senator Perrault:** As a supplementary, what are the “certain assumptions” that are going to be a component of this budget—a rather risky budget, I suggest, to bring in under so-called “assumptions”—with respect to oil prices? Is there a range in which it is expected that an oil pricing agreement will be achieved with the Province of Alberta and the other oil producing provinces?

**Senator Flynn:** We certainly hope there will be an agreement, but if there is no agreement, the government has indicated very clearly that it has the responsibility of making a decision, and it will make it. I may say that any budget is based on a certain number of assumptions, not necessarily in respect of oil prices but on a multitude of other factors.

● (2015)

### FOREIGN AFFAIRS

#### IRAN—SAFETY OF CANADIANS

**Senator Olson:** Honourable senators, I should like to ask the Minister of State for CIDA, who answers in this house on external matters, a question. I ask it because of the, to put it mildly, volatile situation in Iran. Some news reports late this afternoon almost indicate that there is a deteriorating situation. Is it not time the government took the decision to take some of the 60 or 70 Canadians out of Iran? It seems to me that, while the government may have a contingency plan, if the same process is used at the Canadian embassy as was used at the American embassy, no matter how good the plan may be it will be inoperable by the time it is started.

[Translation]

**Senator Asselin:** Honourable senators, the government is certainly worried about the situation in Iran. And even more so since hearing the latest reports.

[English]

**Senator Olson:** On a point of order. There is something wrong with the translation system. We are getting one language on all channels.

**Senator Asselin:** I was saying that the situation in Iran has worried the Canadian government very much. We heard that there was a statement by Iranian students that Canadians may be held for their own safety. On Friday the Under-Secretary of State for External Affairs met with the chargé d'affaires of Iran in Ottawa and was told that Canadians in Iran are in no danger at all. We will be in touch with our embassy in Teheran tomorrow morning, and we will continue to inform the house of the situation.

**Senator Olson:** I have a supplementary question. I think the Canadian ambassador, either on his own initiative or on instructions from Ottawa, did in fact encourage all Canadians who did not have a demonstrable urgent need to remain in Iran to leave. Can the minister advise whether or not all those

[Senator Olson.]



Canadians who do not have such a reason for staying have been able to find a way out?

[Translation]

**Senator Asselin:** Honourable senators, it is obvious that we must rely on daily reports from our embassy in Iran.

As I said a while ago, the Secretary of State for External Affairs told the House of Commons this afternoon that we keep daily contact with our ambassador. The ambassador has assured us that the situation in the Canadian embassy is under control and that he is in contact on a daily basis with Canadians living there. We urged him not to take any chance and we told him that, should the lives of Canadians be in jeopardy, we trusted he would take whatever steps would be deemed necessary.

[English]

## HEALTH AND WELFARE

### FAMILY ALLOWANCES

**Senator Croll:** Honourable senators, I have a question for the Leader of the Government. Some time ago the Minister of Health and Welfare indicated that much of the money for welfare purposes had been spent on the rich rather than the poor, and that he was opposed to universality and was favourable to selectivity.

When he was asked whether he intended to do anything about old age security benefits, he simply said he had not intended to do anything in that regard. When he was asked whether he intended to do anything about family allowance benefits, he replied, "Not this year," leaving the impression that there was the intention at a later date to bring it in line with selectivity. The press indicated that he was opposed to giving family allowance benefits to rich kids.

My question is: How do you define a rich kid? What is the measure? How do you distinguish between a rich kid and a rich elder as between giving one family allowance benefits and not the other?

**Senator Flynn:** I do not know if that is a question for me or—

**Senator Croll:** No, it isn't. I would ask that you pass it on.

**Senator Flynn:** —or more of an argument that you are trying to make. The minister said very precisely that there was no question of doing anything about family allowance payments in 1980, but that—

**Senator Croll:** 1979.

**Senator Flynn:** In 1980—that the system would remain as it is for the whole of 1980. In the meantime, the minister is reviewing it and consulting with his provincial counterparts about it.

Once he has reached a conclusion, he might be able to answer the subtleties that Senator Croll has raised as between a rich elder and a rich child. I can see some differences, and perhaps I should share these views with the honourable senator in a private conversation.

## THE ECONOMY

### CANADIAN AND AMERICAN INTEREST RATES

**Senator Buckwold:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. Earlier in this session, at a time when bank interest rates were increasing, I put forward some questions in respect of the relationship of the Canadian prime rate with the American prime rate, and we received a very reasonable answer in response—a very prompt answer. Naturally, some of us are watching the situation that has been developing.

Since that time, the Americans have raised their rate, and it is now three-quarters of 1 per cent above the prime rate in Canada—I am talking of the prime rate in New York as against the prime rate here—and, in fact, the Canadian dollar has stabilized reasonably well. Today, the Canadian dollar closed at 84.95 cents U.S., which is about 20 points higher on the day.

My question to the minister is: What is your interpretation of this situation? Is it time to reassess the present policy of linking our interest rate with the American rate? Would your government be ready now to reduce Canadian bank interest rates and, if not, what would be your time schedule for taking such action?

**Senator de Cotret:** In terms of the assumption you make in your statement to the effect that domestic interest rates in Canada are tied to U.S. rates, I should like to say, as I have said often before in this chamber, that we do not follow an automatic one-to-one relationship with changes in American interest rates. As a matter of fact, over the summer months there were a number of times when we waited. We follow the monetary conditions and foreign exchange conditions before we in Canada decide on the proper course to follow with respect to domestic rates following increases in the American rate, and that is still very much our view.

I do not think we are following a precision formula approach. The situation is one that has to be monitored on a continuing basis, as it is at the moment, to ensure that the domestic monetary policy levers are set in position of maximum benefit for Canada as a whole.

● (2020)

Strength in the Canadian dollar, to which you have just referred, is certainly a heartening development, and it certainly will be considered in any further action to be taken with respect to monetary policy in Canada relative to monetary policy in the United States. But the whole monetary market is one that evolves very rapidly and is not one in which arithmetical formulas can be followed. So it is a question of really following and monitoring developments on a daily basis.

## CROWN CORPORATIONS

### CANADA DEVELOPMENT CORPORATION—SALE OF SHARES

**Senator Olson:** I wonder if I could ask the Minister of Industry, Trade and Commerce if he could clarify for us the report, or perhaps I should clarify it as an announcement, that

the government is now inviting purchase or tenders for reducing the government's share of the Canada Development Corporation to something less than 50 per cent. And since it is not clear that the purpose for which the CDC was set up in the first place can be enhanced by such a sell-off of the shares, could the minister tell us if he thinks this is a useful thing for Canada to do at this time.

**Senator de Cotret:** Honourable senators, I must take that question as notice, and I shall endeavour to give a precise answer. In the interim, I can only say that when the CDC was originally formed by the previous government it was always the intent to have Canadians hold shares in it. Over time, depending on the market conditions, private participation by CDC equity was gradually increased. I might have to talk with my colleague, the Minister of Finance, who is responsible for the CDC to obtain more information about the recent announcement that you are referring to, and I shall be happy to do that and report back to you.

**Senator Olson:** The announcement was made this afternoon, I think, probably for and on behalf of the Minister of Finance, but by the minister responsible for the Treasury Board. So I wonder if in his investigation the minister would try to find out why it is beneficial for Canada to sell off such a large block of those shares at this time, reducing the government's holding from something like 66 per cent to less than 50 per cent. I am aware of the stated policy when it was put in place, but in his examination would he try to find out the reason why it is beneficial to Canada to have such a large block of shares sold off, or at least offered for sale, all at once?

**Senator de Cotret:** Once again, honourable senators, I shall be very happy to obtain the information, but I would like to say that that was always the game plan with respect to the CDC. But I shall certainly endeavour to find out why now, and why the exact number of shares.

## CANADIAN BROADCASTING CORPORATION

### NATIONAL UNITY—POLICY CONCERNING QUEBEC REFERENDUM

**Senator Flynn:** Senators Manning, Muir and McElman raised concerns last week about remarks by the President of the CBC, Mr. Johnson, that the national network will not interfere on any side of the debate over the unity of the country.

Honourable senators may know that the minister responded at the end of last week to demands that he order the CBC to adopt an obvious pro-unity stance, by saying that the CBC and Mr. Johnson had taken a responsible position on this issue. Mr. Macdonald reiterated his faith in the tradition of non-interference with the CBC on political matters and stated the government's intention not to in any way censor the broadcasting agency.

I think it fair to say that the government believes that the integrity of the CBC can be maintained only if it gives opportunity to all voices on national political issues. The

[Senator Olson.]

government is, of course, fully aware that it is within the mandate of the CBC to promote national unity, and it is a fact that much of the broadcasting company's programming is directed explicitly to that end.

## TRANSPORT

### RUMOURED MERGER OF AIR CANADA AND CP AIR

**Senator Flynn:** Subsequent to the speech of Mr. Mazankowski to the Air Transport Association of Canada, Senator Perrault asked if the government had received communications from either Air Canada or CP Air regarding the remarks of the minister.

I have determined that the minister has heard from neither company concerning the matters raised for discussion in his speech of November 5.

### RAILWAYS—CARRIAGE OF HAZARDOUS PRODUCTS—SAFETY STUDY

**Senator Flynn:** Last Thursday I assured Senator Thompson that I would inquire as to the prospect of government action in advance of the report of the Canadian Transport Commission investigation of the Mississauga derailment—action which would ensure greater safety in the transportation of dangerous goods. Of course, as I indicated last week, government legislation on the transportation of dangerous goods is to be introduced by the end of this week. As well, the railways have been requested, through the Canadian Transport Commission, to show cause why immediate action should not be taken relating to the coupling of tankers carrying dangerous materials on a train, the speed at which those trains travel through urban areas and other problems of the same kind.

The government will consider any representations made by the industry, and will base its action upon that and other information expected in the near future.

I might also advise Senator Thompson that the minister is actively considering establishing a full-fledged inquiry, under the Inquiries Act, into the Mississauga incident. He is currently consulting with the Province of Ontario and the Municipality of Mississauga in order to reach agreement on the possible terms of reference of such an investigation.

## COASTAL FISHERIES PROTECTION ACT

### BILL TO AMEND—THIRD READING

**Senator Macdonald** moved the third reading of Bill S-3, to amend the Coastal Fisheries Protection Act.

Motion agreed to and bill read third time and passed.

## POSTAL RATES BILL

### THIRD READING

**Senator Bélisle** moved the third reading of Bill C-11, respecting certain postal rates.



Motion agreed to and bill read third time and passed.

● (2030)

### APPROPRIATION BILL NO. 1, 1979-80

#### SECOND READING—DEBATE ADJOURNED

**Senator Nurgitz** moved the second reading of Bill C-23, for granting to Her Majesty certain sums of money for the Public Service for the financial year ending March 31, 1980.

He said: Honourable senators, the bill introduced today provides for interim supply for the main estimates for 1979-80 and full supply for the whole of supplementary estimates (A) for 1979-80. Both the main estimates and supplementary estimates (A) for 1979-80, to which this bill relates, were tabled in the Senate on October 16, 1979 and referred to the Senate Standing Committee on National Finance on November 1, 1979. These estimates were discussed in committee on November 6 and 8.

I should like first to deal with the main estimates which total \$52,914 million—\$50,768 million in budgetary expenditures and \$2,146 million in non-budgetary expenditures. The bill will provide funds to meet all necessary requirements of the Government of Canada to December 31, 1979. It releases nine-twelfths of all votes and provides for additional proportions for some 45 votes.

Honourable senators should be aware that the President of the Treasury Board advised the National Finance Committee that there are 12 votes where three-twelfths or full supply is being requested. Since this situation is unusual, I have been asked to provide further information for the record.

First, we are in a situation which has not been encountered in modern times. We are nearly eight months into the fiscal year without any supply having been approved by Parliament.

Secondly, the 12 votes in the bill that require full supply were already lawfully appropriated by special Governor General's warrants under authority of section 23 of the Financial Administration Act.

Thirdly, subsection 23(4) of the Financial Administration Act requires that all amounts provided by special warrant shall be deemed to be included in, and not to be in addition to, the amounts appropriated by the next supply bill.

Fourthly, in all of the 12 cases, funds had to be provided to meet contractual obligations or seasonal operations, and the ministers involved certified that the payments were urgently required for the public good. Special warrants provided the full amount for eight votes, and more than eleven-twelfths for the remaining four votes.

Fifthly, the action that has been taken reflects the circumstances and was in accordance with the provisions of the Financial Administration Act. To artificially reduce these votes to eleven-twelfths would be contrary to this government's position that the full amount of the special warrants must be confirmed by Parliament at the first available opportunity.

Finally, in normal circumstances assurances are given to the house that the government is not seeking full supply for any

item. In this unusual circumstance, notice was provided that the supply bill included the 12 votes.

The balance of the additional proportions—that is, two-twelfths and one-twelfth—are required due to the seasonal nature of programs, delays in receipt of revenues and rentals and other expenditures such as loans and advances which must be made early in the fiscal year in accordance with certain agreements.

I should now like to turn to supplementary estimates (A) for 1979-80. These estimates cover items for which special Governor General's warrants were issued during the period since the last Parliament was dissolved, but which were not covered in the 1979-80 main estimates. These estimates consist of budgetary expenditures of \$947 million, and non-budgetary expenditures of \$55 million.

The largest single item in these estimates is the oil import compensation payments of \$835 million which accounts for more than 80 per cent of the \$1 billion. These payments now total \$1,575 million in the current fiscal year and could increase substantially if there is a further increase in the OPEC prices before April 1980.

Other major items in these estimates consist of \$67.1 million for capital expenditures to VIA Rail, \$10.4 million to Telesat Canada for satellites Anik C and D, \$9.9 million to the Grains and Oilseeds Program of the Department of Industry, Trade and Commerce to restore boxcars used to transport grain and to assist the Canadian rapeseed processing industry. As well, the authorized level of the Supply Revolving Fund of the Department of Supply and Services is increased by \$36 million.

These estimates contain some 20 one-dollar votes, which are described in the explanatory sections of the supplementary blue book. These items may be grouped as follows: Four votes which authorize the transfer of funds from one vote to another; three votes which authorize the payment of grants; seven votes which authorize the deletion of debts and the reimbursement of accounts for obsolete stores; four votes which amend provisions of previous Appropriation Acts; and two other votes—one vote to authorize the payment of commissions, and one vote to authorize the guarantee of loans.

Additional explanations of the items in the latter two categories were provided to the National Finance Committee during its review of these supplementary estimates.

Before concluding, I should like to comment on clause 3 of the bill, which has been included to confirm the issuance of a special Governor General's warrant to cover certain expenditures in supplementary estimates (B), 1978-79. The special warrant totalling \$147.8 million would normally have been included in the next supply bill for 1978-79. However, since there was no need for a further bill in that fiscal year, it was decided to seek parliamentary confirmation through the inclusion of a special clause in the bill.

I believe I have covered the important features of the bill. Should honourable senators wish further explanation, I shall do my best to supply it.

**Senator Perrault:** Honourable senators, I move the adjournment of the debate.

**Senator Connolly:** Before the debate is adjourned, may I ask a question of the honourable sponsor of the bill? In doing so I take the opportunity to compliment him on his presentation. He is a distinguished lawyer, and as time goes on he will no doubt find that he will speak a good deal more freely, and without feeling that he is tied to his notes. These are complicated figures, and they are difficult to absorb as one listens to a speech about them.

However, it is gratifying to all honourable senators to know that the Standing Senate Committee on National Finance has already studied the subject matter of this bill very thoroughly, based upon the supplementary estimates that were tabled. That is an assurance to honourable senators that although the figures are very large and, I repeat, somewhat confusing, the committee, which has a good deal of expertise in this field, has already passed upon them.

● (2040)

Towards the end of his remarks, Senator Nurgitz referred to a special warrant, as I think he called it, that is dealt with in clause 3 of the bill. I must say that I do not have clause 3 before me. Can he give us any further information about that special warrant? What was the amount of the warrant? What was it intended to cover? Are those new items that were not included in the main estimates or in the supplementaries?

**Senator Nurgitz:** Honourable senators, I cannot furnish you with the answers to those questions immediately, but I undertake to obtain the information quickly.

On motion of Senator Perrault, debate adjourned.

## THE ECONOMY

### BANNING OF 1.5 LITRE SOFT DRINK BOTTLES—DEBATE CONTINUED

The Senate resumed from Wednesday, November 14, the debate on the inquiry of Senator Fournier (Madawaska-Restigouche) calling the attention of the Senate to the adverse effects on the Canadian economy of the banning of 1.5 litre bottles from the soft drink producers in Canada.

**Senator Deschatelets:** Honourable senators, first of all I should like to congratulate Senator Fournier (Madawaska-Restigouche) for having called the attention of the Senate to this important matter. I am sure that I express your feelings when I say to Senator Fournier that we admire the courage he has shown in overcoming so splendidly the disease that struck him a few years ago. If you listened to him last Wednesday you will undoubtedly have come to the conclusion that he is now dangerously well.

Honourable senators, last week I carefully followed the speech delivered by Senator Fournier, and in order to make sure that I had understood him correctly I read his speech, with equal care, later in the *Debates of the Senate*.

[Senator Nurgitz.]

Honourable senators will recall that the purpose of Senator Fournier's intervention was to call our attention to the adverse effects on the Canadian economy of banning the use of the 1.5 litre bottle by soft drink producers in Canada. I remembered vaguely having read on or about August 29, 1979, in the newspapers, of an announcement by the Minister of Consumer and Corporate Affairs that these soft drink bottles were banned for reasons of public safety, but I must confess that I had not paid much attention to this administrative decision until I heard Senator Fournier last week.

According to his remarks, he became aware of the serious, adverse impact of this ministerial decision in his own province, New Brunswick, and I understand that he made a personal investigation into the matter, with the result that he was in a position last week to criticize severely the department and the minister concerned.

I should like at this point to repeat a few sentences from Senator Fournier's speech of last Wednesday, as reported at pages 329, 330 and 331 of *Hansard*. At page 329 he said:

—I feel it is my duty to protest against a great injustice committed lately by the government which in fact, in my opinion, was based on an error due largely to the news media and lack of information.

At page 330 Senator Fournier said:

On August 8, without warning and while the inventory was at its highest . . . the minister saw fit to torpedo the industry.

He continues on the same page:

There is clear evidence that the minister was not aware of the whole situation and acted hastily under pressure.

I presume from chain stores and supermarkets. At page 331 Senator Fournier added:

I must complete my remarks calling the banning of the 1.5-litre bottle a great fiasco, making hundreds jobless, and resulting in a loss of hundreds of millions of dollars to the soft drink bottlers—

Honourable senators, to sum up the facts as stated by Senator Fournier in the course of his remarks, on August 28, because of a risk of danger to the public safety the 1.5 litre bottles were banned overnight, without warning, and this administrative decision resulted in severe financial losses to the bottlers involved.

The question that arises now is, was this administrative decision justified? Frankly, honourable senators, I do not know and I presume that you do not know yourselves. In my view, however, a more important question at this stage, is the following: Was this administrative decision made public without warning or without giving the industry concerned a chance to make representations, or a chance to meet, after a reasonable lapse of time, the safety requirements of the Hazardous Products Act? This, in my view, is the key question.

● (2050)

After having read Senator Fournier's speech in the *Debates of the Senate*, I was not sure that he fully covered this precise



point, and after we adjourned last Wednesday afternoon I asked Senator Fournier to verify this point with representatives of the bottling industry so that I could be informed by telegram before I addressed you tonight. This telegram was received in my office last Friday. It comes from Moncton, New Brunswick, and is addressed to me at The Senate, Parliament Buildings, Ottawa. It reads as follows:

As per Senator Fournier's request we at Brunswick Bottling Limited as a bottler were never advised that there might be a ban on the 1.5 returnable container until the day that the Hon. Lawrence banned the container on August 28th, 1979. Though we were aware that the government had been investigating the 1.5 container for at least a month or month and one half. I have also checked with the Canadian Soft Drink Association and Coca Cola Co. of Canada and neither party were advised. I remain yours truly Rino Fournier Vice-President Operations Brunswick Bottling Ltd.

Honourable senators, I submit that we now have enough information to decide between two courses of action. First, we can let this inquiry die on the order paper after a few speeches or, second, we might come to the conclusion that we are justified in referring this whole matter to a standing Senate committee.

Before we embark on such a course of action, I should like to remind you that the most important responsibility of the upper chamber is to review legislation. There is no doubt about this. However, over the last ten to fifteen years we have developed another important responsibility, one which we fulfil through our standing and special committees. I submit that more and more we must show to any group of fellow citizens who face difficulties—especially difficulties resulting from an administrative decision—that we share their concern. I would like to see the door of the Senate opened to permit citizens to express their grievances, especially when they seem to have, what we call in legal terms, a “colour of right”.

On different occasions certain groups have very effectively used our standing Senate committee system as a public platform to express their views and to try to justify their claims. I think we have many precedents to that effect.

The specific case that comes to my mind dates back to 1973 when, after a motion by Senator Buckwold, seconded by our beloved friend, the late Senator Maurice Bourget, the Standing Senate Committee on Transport and Communications was authorized to examine the problem of commercial publicity on radio and television in order that both francophone and anglophone Canadian artists be protected against imported American publicity. The CBC and the CRTC were called to justify their policies in respect to Canadian content. As a result of this intervention by the Senate committee, an agreement was reached to the satisfaction of all parties concerned. This, in my view, is the Senate at its best.

Honourable senators, I think I have said enough to justify our intervention following the inquiry notice by Senator Fournier and, as far as I am concerned, I submit that it would be a

pity not to permit the bottling industry to express their views before a standing Senate committee.

For all these reasons, honourable senators, I move, seconded by the Honourable Senator Edgar Fournier (Madawaska-Restigouche), that the matter regarding the adverse effects on the Canadian economy of the banning of the 1.5 litre bottles from the soft drink producers in Canada be referred to the Standing Senate Committee on Banking, Trade and Commerce.

**Senator Buckwold:** I move the adjournment of the debate.

**Senator Flynn:** Honourable senators, I rise on a point of order. This is an inquiry. I am not opposed to the motion in substance, but I am opposed to the procedure whereby during an inquiry, which is only debating a certain matter, a motion is made to refer the matter to a committee without due notice. Normally any motion of that kind would require at least one day's notice. I would suggest that Senator Deschatelets give notice that he intends to move tomorrow that this matter be referred to committee; otherwise, we are concluding the debate at this time. We are not going to debate the motion.

**Senator Deschatelets:** Honourable senators, if I may be permitted an observation at this point: I have made this motion because it is justified by at least one precedent. Senator Desruisseaux will remember that he introduced an inquiry in 1975. After he completed his remarks, the Honourable Senator Asselin spoke, and at the end of his speech moved that the subject matter be referred to the Standing Senate Committee on Banking, Trade and Commerce. This can be found at page 380 of the *Journals of the Senate* of May 27, 1975. I say this only to meet the point that has been raised. I would agree to the matter being taken under advisement by the Chair at this time, and perhaps we could have a decision by tomorrow.

● (2100)

**Senator Flynn:** Alternatively, I would be agreeable to your reverting to Notices of Motions and indicating that you will move tomorrow that this matter be referred to a committee, and let other people who want to speak on the inquiry do so. It is only a technical matter, but tonight there are not very many senators here and we may have been taken by surprise. That may have occurred before, but it does not prove it was right. Under the circumstances, I would agree to the suggestion that the Speaker take it under advisement.

**Senator Deschatelets:** I would prefer to follow that course of action, because when I make a motion I like to think that I am on firm ground. This is the reason why I would like the Chair to consider the matter. However, this would not prevent other senators speaking on the inquiry tonight, with agreement.

**Senator Olson:** Further to the point of order, I think there is substantial agreement between Senator Deschatelets and the Leader of the Government, so I will not make any suggestions on that. After having listened carefully to the speeches of Senator Fournier (Madawaska-Restigouche) and Senator Deschatelets, I wonder if between now and tomorrow, when they and the Speaker are considering this matter, they might give some thought to referring this to the Joint Committee on

Regulations and other Statutory Instruments rather than the Standing Senate Committee on Banking, Trade and Commerce.

It seemed to me that the argument being made was that there was a delegated authority that was being used, not perhaps illegally but differently than it was intended to be used. It therefore seems to me that for that reason it would be better to have that joint committee looking into the matter. My suggestion on the point of order is simply that between now and when the formal motion is moved by Senator Deschatelets he might want to take that into account.

**Senator Flynn:** Especially as the Standing Senate Committee on Banking, Trade and Commerce is very busy at this time.

**Senator Buckwold:** I hope I shall have an opportunity to speak on this subject, which is of some interest to me. I

respectfully suggest to Senators Deschatelets and Fournier that they might also consider sending this matter to the Standing Senate Committee on Health, Welfare and Science. The fact is that it is a health matter, affecting a lot of people, which is really the reason why the Minister of Consumer and Corporate Affairs has abandoned it, because it is considered a hazard, although, granted, it is a regulation. I am only respectfully suggesting this, and I hope I have an opportunity to continue the debate in due course.

My question at the moment is whether this is the proper time to move the adjournment of the debate.

**Senator Flynn:** Subject to the decision of the Chair.

**The Hon. the Speaker *pro tem*:** Yes.

On motion of Senator Buckwold, debate adjourned.

The Senate adjourned until tomorrow at 8 p.m.



## THE SENATE

Tuesday, November 20, 1979

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

### CUSTOMS TARIFF THE NEW ZEALAND TRADE AGREEMENT ACT, 1932 AUSTRALIAN TRADE AGREEMENT ACT, 1960 THE UNION OF SOUTH AFRICA TRADE AGREEMENT ACT, 1932

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-18, to amend the Customs Tariff and to make certain amendments to The New Zealand Trade Agreement Act, 1932, The Australian Trade Agreement Act, 1960 and The Union of South Africa Trade Agreement Act, 1932.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read a second time?

**Senator Roblin** moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Report on operations under the *Regional Development Incentives Act* for the month of August 1979, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

### REGULATIONS AND OTHER STATUTORY INSTRUMENTS

SECOND REPORT OF STANDING JOINT COMMITTEE PRESENTED

**Senator Godfrey**, Joint Chairman of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, presented the second report of the committee as follows:

Tuesday, November 20, 1979

The Standing Joint Committee on Regulations and other Statutory Instruments has the honour to present its Second Report as follows:

(Statutory Instruments No. 8)

Your committee submits again to both Houses of Parliament the criteria it will use for the review and scrutiny of Statutory Instruments:

Whether any Regulation or other Statutory Instrument within its terms of reference, in the judgment of the committee:

1. (a) is not authorized by the terms of the enabling statute, or, if it is made pursuant to the prerogative, its terms are not in conformity with the common law; or

(b) does not clearly state therein the precise authority for the making of the Instrument;

2. has not complied with the provisions of the *Statutory Instruments Act* with respect to transmittal, recording, numbering or publication;

3. (a) has not complied with any tabling provision or other condition set forth in the enabling statute; or

(b) does not clearly state therein the time and manner of compliance with any such condition;

4. makes some unusual or unexpected use of the powers conferred by the enabling statute or by the prerogative;

5. trespasses unduly on the rights and liberties of the subject;

6. (a) tends directly or indirectly to exclude the jurisdiction of the Courts without explicit authorization therefor in the enabling statute; or

(b) makes the rights and liberties of the subject dependent on administrative discretion rather than on the judicial process;

7. purports to have retroactive effect where the enabling statute confers no express authority so to provide or, where such authority is so provided, the retroactive effect appears to be oppressive, harsh or unnecessary;

8. appears for any reason to infringe the rule of law or the rules of natural justice;

9. provides without good and sufficient reason that it shall come into force before registration by the Clerk of the Privy Council;

10. in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provisions of a technical or administrative character properly the subject of delegated legislation;

11. without express provision to the effect having been made in the enabling statute or prerogative, imposes a fine, imprisonment or other penalty, or shifts the onus of proof of innocence to the person accused of an offence;

12. imposes a charge on the public revenues or contains provisions requiring payment to be made to the Crown or to any other authority in consideration of any license or service to be rendered, or prescribes the amount of any such charge or payment, without express authority to that effect having been provided in the enabling statute or prerogative;

13. is not in conformity with the *Canadian Bill of Rights*;

14. is unclear in its meaning or otherwise defective in its drafting;

15. for any other reason requires elucidation as to its form or purport.

In relation to its permanent reference, section 26 of the Statutory Instruments Act, 1970-71-72, c. 38, your committee recommends that it be given the authority to conduct a comprehensive study of the means by which Parliament can better oversee the government regulatory process and in particular to enquire into and report upon:

1. the appropriate principles and practices to be observed,

(a) in the drafting of powers enabling delegates of Parliament to make subordinate laws;

(b) in the enactment of statutory instruments;

(c) in the use of executive regulation—including delegated powers and subordinate laws;

and the manner in which Parliamentary control should be effected in respect of the same;

2. the role, functions and powers of the Standing Joint Committee on Regulations and other Statutory Instruments;

Respectfully submitted,

JOHN M. GODFREY

*Joint Chairman*

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

**Senator Godfrey** moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

## FEDERAL DISTRICT COMMISSION BILL

### REPORT OF COMMITTEE

**Senator Donahoe**, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill S-10, to confirm the authority of the Federal District Commission to have acquired certain

[Senator Godfrey.]

lands, and had directed that the bill be reported without amendment.

### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Choquette**, with leave of the Senate, moved that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

## BANKING, TRADE AND COMMERCE

### COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Hayden:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a), I move:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Wednesday, 21 November 1979, and that rule 76(4) be suspended in relation thereto.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(a)—

**Hon. Senators:** Dispense.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Senator Flynn:** Honourable senators, this raises a problem that has been of concern to the Senate for quite some time. I appreciate the excellent work that the Banking, Trade and Commerce Committee is doing, but we have been trying to avoid committee meetings while the Senate is sitting. I feel that it is the general mood of the Senate that this should not happen. In any event, I merely want to have the Senate express its views on this matter.

I can understand that there may be compelling reasons for the committee to meet tomorrow afternoon. However, the Senate sat last night and the committee had the opportunity to sit all day today, and it can sit again on Thursday. It seems to me that it is not in the interests of the Senate that committees should be able to do this. If one committee is meeting, another committee might want to meet, and with two committees meeting while the Senate is sitting, we might as well not sit at all.

• (2010)

I do not want to hurt Senator Hayden's feelings about it, nor diminish the value of his contribution to this house, but it seems to me that some arrangement should be made. Of course, I am in the hands of the Senate. This matter is the responsibility of the Senate. If it wishes to agree to this motion, I will not object. However, I thought that I should give that warning.



**Senator Olson:** Honourable senators, I believe that if we are going to authorize committees to sit while the Senate is sitting, particularly during the preliminary period of each sitting, which includes items such as the introduction of new bills, down to when Orders of the Day are called, then it should be for an extraordinary reason.

There will be times, I am sure, when the Banking, Trade and Commerce Committee—which has done an excellent job and has a very heavy work load—will have an extraordinary reason for meeting while the Senate is sitting. On those occasions we shall give the matter consideration. I do not believe that any committee, as a matter of practice, should set a regular meeting time while the Senate is sitting, whether it is on Wednesday or any other day.

I also believe that if the Senate is going to be called to give this authority to any one committee, there should be the restriction that it will not meet until perhaps an hour or an hour and a half after the Senate has commenced its sitting. I was going to say that preferably it should not sit until Orders of the Day are called, but that moment is difficult to predict, because we have had Question Periods lasting from 15 minutes to slightly over an hour.

**Senator Flynn:** Sometimes two hours.

**Senator Olson:** Therefore, it is not easy to predict that moment with any precision. But I should think that from an hour to an hour and a half would be a reasonable time.

I wish to say also that if we turn an ad hoc set of circumstances into a practice and a precedent so that any committee may meet at the same time every week while the Senate is sitting, it pre-empts the option for another committee which may have an extraordinary reason for asking the Senate to authorize it to sit while the Senate is sitting. That, in my opinion would be an unjustifiable and unwarranted precedent.

Last week the Banking, Trade and Commerce Committee sought leave to sit on Wednesday afternoon while the Senate was sitting. No doubt it had good reason for doing so, and perhaps there is good reason for the committee to sit tomorrow. But I would suggest that we should not be led down this path to the point of authorizing this arrangement unless there is a very good sufficient and, I may say, extraordinary reason for doing so. It may be that there are witnesses from outside the city to be heard, or some important reason of that nature.

I have to agree with the Leader of the Government that I would not wish to approve this procedure as a matter of practice, particularly during the first hour or hour and a half of the sitting of the Senate.

**Senator Walker:** Honourable senators, I have been a member of the Banking, Trade and Commerce Committee for the past 16 years and I know its workload, and I appreciate the work done by the chairman of the committee, Senator Hayden. He is doing a most excellent job. It just happens that at this particular time we have under study the subject matter of the bill to revise the Bank Act. We are striving valiantly to complete that study, and we must complete it. We cannot have any more delays such as we have had in the past.

The committee sat from 9.30 this morning until 4.30 this afternoon, and except for the first hour tomorrow afternoon, when we will be here in the chamber, we are sitting all day tomorrow.

I appreciate that it is absolutely essential that we be in the house every possible moment of our time, but we do have these other commitments. We are also faced with new developments in the Senate, where the Question Period now lasts for an hour to an hour and a half—and it is all very entertaining. As a matter of fact, it is brilliant. I am amazed how able everyone is, particularly those people who day after day engage in asking and answering the questions. The Question Period now represents some of the most brilliant displays we have in the house. I have to tear myself away to go to committee. It is a sacrifice I do not make easily. All the actors are good, and they are getting better day by day. We expect more and more, and they never disappoint us.

Therefore, I beg of you at this time to have consideration for those of us who, against our wishes, have to tear ourselves away from the show to perform our duty as we see it—a duty we are performing under the expert guidance of Senator Hayden, who does not waste any time. All the time we are in committee, we are engaged in serious work. Until we get this banking legislation through, I beg of you to let us slip away from our joy after half an hour or an hour to enable us to go down the hall and carry out our other duties. I would ask the Senate to give this matter its very serious consideration. The Banking, Trade and Commerce Committee has a heavy workload ahead of it, and without your consideration I do not know how far we are going to get.

That is my contribution as one who is not an officer but merely a humble member of that committee.

**Hon. Senators:** Hear, hear.

**Senator Lang:** Honourable senators, while I appreciate the remarks of Senator Walker, I am satisfied that this problem would vanish if some ephemeral persons, be it the whips or the leaders, would stop trying to preclude us—and when I say “us,” I mean the Banking, Trade and Commerce Committee—preclude us from sitting on Wednesday mornings, as has been our habit from time immemorial. If we could go back to that time slot, we would not have to be repeatedly asking for leave to sit while the Senate is sitting.

The reason, of course, is that many people here feel they have to attend caucus meetings. Those of us who spend most of our time and energy on such committees as the Banking, Trade and Commerce Committee could not care less whether we attend caucus. Without this injunction or influence in trying to preclude the committee from sitting on Wednesday mornings, I feel sure that the committee could carry on adequately, as it has in the past. If the committee could sit on Wednesday mornings, the problem we are discussing this evening would vanish.

**Senator Godfrey:** Honourable senators, I have always been baffled as to why sittings of this house should take precedence over committee work. Committees of the other place, as a

general rule, start their work at 3.30 in the afternoon, allowing members of those committees to be in the house for the Question Period. As everyone here knows, after 3.30 on a Wednesday afternoon there is never more than 30 senators in the chamber. I do not see any reason why senators not in the chamber should not be sitting in committees from 3.30 on. The work of the committees of the Senate is usually more important than what we do in the chamber. I see nothing wrong with committees meeting at 3.30 in the afternoon, as Senator Olson suggests. Those senators in the house at that time could then go to committee instead of going to their offices.

● (2020)

**Senator Marchand:** Honourable senators, I happen to be the chairman of a caucus, and I used to attend all caucuses. I think attending caucus is part of our duties. If I were a Conservative I would like to attend the caucus of my colleagues. Perhaps this opinion is not shared by my friend, Senator Lang, but I think the caucus is a very important institution in our democratic society. This is why I think that when caucuses are sitting senators should be there and nowhere else.

**Senator Perrault:** Honourable senators, we have heard an expression of viewpoints from a number of distinguished senators now, many of whom have had extensive experience in provincial legislative assemblies and in the other place. Several have been invested with ministerial responsibility, such as the distinguished Senator Walker. Let me say at the outset that I do not think there is a more competent committee in all of Canada than the Standing Senate Committee on Banking, Trade and Commerce, chaired by Senator Hayden. This is a committee of undoubted ability, and one which does inestimable service on behalf of the Canadian people. Perhaps the quality of that service is not properly appreciated at times by people in various walks of life; nevertheless, those of us who know the committee know its value. As well, we have other outstanding Senate committees.

There is a feature of the parliamentary system known to all of us who have been practitioners of the art, and that is that at the outset of the day's sitting, insofar as it is humanly possible, as many members of the assembly as can do so are present to participate in the Question Period, raising matters and concerns that are of interest to the people they serve. They focus the attention of that assembly on matters of urgent public importance. That Question Period is a very key responsibility and an important feature of our parliamentary system. Insofar as the period of questioning is a vital and historic responsibility of parliamentarians, the Senate should attempt to observe and to enhance this tradition.

The second matter I wish to raise relates to the heavy workload of the Standing Senate Committee on Banking, Trade and Commerce. It does have a great deal of work—and critical work, as far as Canada is concerned—before it. I do not believe, that in conscience we can say to this or any other committee, “Under no circumstances may you sit on Wednesday afternoons,” and that Wednesdays must be ruled out absolutely for meetings of standing committees. That would be

unreasonable. I suggest it is reasonable, however, honourable senators—and usually we find a middle way in matters which pose difficulties for us—that if there is an urgent, clear and evident need for a committee meeting on a Wednesday afternoon, a conscious effort should be made to keep the Question Period for that day to a reasonable length and to attempt to assure that only questions of real importance are asked on such an occasion. Needless to say, Senator Walker, invariably we on this side endeavour to present only matters of urgent importance.

**Senator Walker:** Hear, hear.

**Senator Flynn:** That would certainly shorten the Question Period.

**Senator Perrault:** But it seems to me that we might dispose of these preliminaries—if one may term the Question Period as part of the preliminaries—in 60 minutes. If we insist that any committees with an urgent need to meet may not meet until the Senate has disposed of a Question Period without time limits, that would make it very difficult for witnesses who have been invited to appear. Some could be required to wait in the hall for as long as two hours in order to allow the whole Senate questioning process to be exhausted.

As a possible solution, may I suggest that we could authorize any committee with an undoubted need to meet to commence their deliberations at either the end of the Question Period or at 3 o'clock or 3.15 p.m., whichever time comes first. It seems to me that in that way we may achieve all of the objectives that most of us, I am sure, feel to be desirable. If it can be demonstrated that a Wednesday afternoon committee meeting is required—and I have no doubt that a meeting is required tomorrow afternoon, as Senator Walker and others have stated—then I think we can resolve this question amicably, and without causing harm to the parliamentary system and without engaging in practices and procedures that are contrary to the great parliamentary tradition.

**Senator Flynn:** If a meeting of the committee has been arranged and witnesses called, and if inconvenience would result if the committee did not meet, I suggest that we could permit them to meet tomorrow. I would ask the chairman and the other fighting members of the committee, such as Senator Walker and Senator Lang, to look into the matter in the light of the comments that have been made this evening. If the same request is made next week, perhaps consideration should be given to meeting at, say, 3 o'clock. Would that be agreeable to Senator Hayden?

**Senator Hayden:** I really do not know why you are asking my opinion. You have already named a committee to study the situation. While it might seem appropriate that you should ask the opinion of the chairman—he might know something about the subject—the meeting has been arranged. There have been mumbles and rumbles from time to time, even from the Leader of the Government, about sitting on Wednesday afternoons, but nothing has been done.

My only concern was that I did not want to give up all of Wednesday without making some use of part of the day. We



gave up on Wednesday mornings, but planned to sit on Wednesday afternoons. The meetings have now been organized.

The house leader is pressing me as to how much longer we are going to take in our consideration of the revision of the Bank Act. He is asking when we are going to finish our study of the subject matter of Bill C-17. From the government's point of view, this is an important bill and, therefore, we are moving our study along. Then we have these forces pulling back and forth, to suit the purpose of the particular person who is talking to the chairman.

It takes time to do the work. It takes time to hear the witnesses on important bills. If it is not the wish of the Senate that we move along with all speed, and that we do not contemplate sitting on Wednesdays at all, then the Senate can make that direction, and there is nothing the committee can do about it. It will slow up the work, but that is obviously not the number one consideration.

The government leader in his remarks was a little concerned that this might hurt my feelings, but he should not be unduly concerned about my feelings.

**Senator Flynn:** I have always been concerned.

**Senator Hayden:** I have not struggled and moved along as many years as I have with a thin skin, so whatever has to be said, let it be said.

However, the meeting tomorrow is important. The witnesses have been organized and, therefore, one would expect the committee to sit, especially since this matter was not discussed with me today. If we suddenly notify the witnesses that they should not come tomorrow, then next time they may well say that it is not convenient for them to come to us. Then you have further delays.

This is a decision for the Senate, and that decision may make it impossible to use some part of Wednesday for our committee meetings. No one wants to meet on Wednesday evenings, although I can tell you that there have been times when this committee has met on Wednesday evenings with no protests from the members. However, it is up to the Senate to decide, but I feel the committee and the chairman are entitled to some notice.

The only intimation I had that this might happen was when I requested the Clerk to prepare a motion so that we could meet when the Senate was sitting. At that time, I called the house leader and was told that he would be in at 5 o'clock, and that he would be in touch with me. He was in touch with me, but only when I walked over to his desk a few minutes ago. This is the only intimation I have had. Whatever the decision is, we have to take it.

● (2030)

**Senator Roblin:** Honourable senators, I am not sure whether I can add anything to the debate that has taken place on this subject, except to say that I think the outlines of a reasonable compromise are clearly in sight. As house leader it is in my interest, as I am sure it is in the interest of all here, that we should be able to resolve these questions in a manner that

would seem to be reasonable to all parties concerned, and I certainly include as foremost among those the chairman and members of the committee.

It is probably not particularly fruitful to recount the recent history, but seeing that my name has been brought into the discussion I think it proper for me to say that last Wednesday, when the same motion came before the house, I was unable to present it myself, and I told the chairman of the committee that I thought it would be a good idea if he presented it in view of the circumstances, because at that time I explained to him some of the views I had had communicated to me as to whether or not we should meet on Wednesday afternoon. I have to admit, quite frankly, that I was not successful in persuading the chairman of the committee that this intimation should be considered as a portent of things to come, because I think from his point of view, very justifiably, he has been concerned as to whether the committee could meet at any time on Wednesday. I know it is the feeling of some members of the committee that there is absolutely no reason why the committee should not meet on Wednesday morning, because there is a difference of view as to the importance of attending the caucus at that particular time.

Speaking for myself, it would possibly be a very productive course to consider whether we should not adopt the suggestion put forward by the Leader of the Opposition and by the Leader of the Government, to the effect that if we wish the committee to meet on Wednesday then it might meet at some fixed time, say 3 o'clock, when the Question Period might normally be finished or pretty close to being finished. That would meet the ends that the speakers in this debate have in view, namely, that there should be a good attendance of senators at the Question Period and in the early part of the sitting when so much important business is done. It is certainly conceivable that at the time that Orders of the Day are reached it would be not derogatory at all to our duty to have this committee meet at that time to conduct its very important business.

I am here to say that the committee has an important place in our structure, and, speaking for myself as house leader, I have the responsibility of presenting to the chairman of the committee the hopes of the government as to the passage of bills through their consideration phase in that committee. And I have to say that the chairman of the committee has never failed to be courteous and obliging to me whenever I have given him any suggestions as to the order in which we would like to have the bills considered, and the urgency of dealing with them expeditiously. So I want to pay my compliments to him. He has been unfailingly courteous and unfailingly attentive to the requests I have had to make in that way, and I would like to have that fact recorded.

It seems to me that if this committee could meet Tuesday mornings, as it did today, as a pretty regular matter, and on Tuesday afternoons, then I would not be surprised if the pressure for Wednesday meetings was somewhat reduced. It might be possible to avoid Wednesday meetings at any time. I say that because when I was discussing the passage of bills

through the committee, the chairman and I sat down and we made a rough estimate of the number of meetings required to move the bills through the committee. We spoke about the bank bill, the tax bill and the mortgage interest bill and while our estimates were nothing but estimates they did indicate that with any kind of luck with meetings on Tuesday mornings and Tuesday afternoons and Thursday mornings there was a very good chance that we would be able to complete the bills within the allotted time. I am the first to say that if that should prove to be unrealizable or difficult I would have to support the view of the Leader of the Opposition, and I think of the Deputy Leader of the Opposition, that there would be circumstances in which we would urge the committee to meet on Wednesday, if necessary, in order to complete the program we have in mind for the disposal of legislation.

So, I simply say to the house that I think we have the makings of a very reasonable compromise here. My proposal would be that Tuesday mornings ought to be dedicated to this committee. I also think that if the house were to give this committee leave to meet on Wednesday afternoons when the Question Period is over, that would be a reasonable suggestion, and it seems to me that with those two time periods blocked off, or at least available for consideration from time to time, especially Wednesday afternoons, that we would meet the objective of continuing the excellent work that this committee does, allowing people to go to caucus, and at the same time respecting the position of the house on Wednesday afternoons.

I do not know what the committee itself, which I think should certainly be consulted in respect of this matter, would think about it, but I know that they will consider it carefully. But it does seem to me that there is the basis for a reasonable, working compromise here. It has been floating around; it has been in the air; it has been discussed in an unofficial manner on several occasions before. If we are able to get it adopted, it would enable us to meet all our objectives, and make sure that the work of the committee is done and that the work of the Senate is done.

**Senator Beaubien:** Honourable senators, we have had an interesting discussion, and in many ways what has been said by those who object to a committee's meeting while the Senate is sitting makes sense, but at the moment that is not the important thing.

We have been waiting for three years to get the Bank Act revisions through Parliament. This legislation is terribly important to a great number of people, and to many businesses. Senator Hayden hopes, giving it all the time we can, that we shall be able to finish our study of the Bank Act revisions in three weeks. Three weeks, honourable senators! How many hours does that require the committee to meet. We have to devote every minute we can to this study.

Senator Hayden has been driving us, and we have been working hard. This is a terribly complicated study, and there is an awful lot of work to be done. So let us not talk in generalities about whether we should do this or that under ordinary circumstances, because this is not an ordinary cir-

cumstance. We are either going to complete our study of the subject matter of this bill, or we are not.

When will it ever be passed by the other place? Do they work quickly? If we have not finished our work in the next three weeks, the bill certainly will not be passed for another seven or eight months. Of course, that is only my judgment, but we have to make every effort now to get our work done. Let us hope to goodness that the other place will do its work.

**Senator Flynn:** Let us not dramatize the situation. We will adopt the motion and see how next week goes.

**Senator Molson:** Honourable senators—

**Senator Flynn:** You don't want to attend your caucus, I presume.

**Senator Molson:** Touché, mon ami.

I was not going to take part in this debate, because I understand completely the reasons for the motion, and they are valid reasons. I have been a member of the Banking, Trade and Commerce Committee for a long time, although not as long as the chairman has. In the past, Wednesday morning has been the time for the Banking, Trade and Commerce Committee to meet. I would hazard a guess and say that has been the case for 20, and perhaps more, years.

● (2040)

Now, situations change. We all realize that. We realize that this Senate is different. We have a different composition. We have a different political climate. We even have a different opposition—and a charming one, too.

**Senator Flynn:** Speak for yourself.

**Senator Asselin:** And we have the Question Period, too.

**Senator Molson:** Yes, a few years ago in the Rules Committee we changed the rules. On the inside cover of the rule book you will see "Question Period." The Question Period did not exist before we put it in and we did that in anticipation of the kind of changes we would have here, because we wanted the ladies and gentlemen on that side to have a fair crack at the ladies and gentlemen who moved over to this side.

Be that as it may, in all this discussion this evening we have really evaded the issue. We have been saying what would be nice and why we should not interfere with the sittings and so on, but Senator Beaubien has made the point that it is about time we passed the Bank Act. It may not be the greatest bill in the world, but it is certainly about time we passed it.

We passed the 1964 Bank Act in 1967. But ten years later did we pass the 1977 Bank Act? No. We still have not, and we will soon be getting into 1980. Historically, and by law we have had a ten-year revision of this big and important piece of legislation, but we are no longer capable of handling it in ten years. We are taking thirteen years now, and we are knocking on fourteen years.

When Senator Beaubien says to us that it is about time we passed that bill, I can assure him that he has the support of a great many thinking people, who agree that it is not right to take much more than ten years to revise a piece of legislation.



Nevertheless, we have great difficulties in finding the time for Senator Hayden's committee. With the tax bills and the other matters that come before the Committee on Banking, Trade and Commerce, it is not easy to do an effective job if we haven't the time.

I will not argue about the relative importance of your attendance at your caucuses—or for that matter my attendance at my caucus, but I do say that our prime responsibility here is to our country, to the Senate, to deal with legislation. Your duty to your caucus is a matter for your own conscience. That you will decide for yourselves and I have no right to make any comment on it. But I do say that we have the responsibility to deal with legislation in the most reasonable and expeditious way possible. When we say that we cannot meet Wednesday mornings, let us say we cannot meet because senators want to attend political caucuses. If we say that, that is honest. But we have just been beating around the bush tonight saying that it would be awkward and that some senators want to do something else. The truth of the matter is that it is the caucus against the Banking, Trade and Commerce Committee, and I think we have to make up our minds.

Motion agreed to.

## QUESTION PERIOD

[English]

### SMALL BUSINESSES

#### BANKRUPTCIES—MEASURES TO ASSIST

**Senator Perrault:** Honourable senators, I have a question for the Minister of State for Economic Development.

The by-election events of yesterday, Mr. Minister, suggest at least some dissatisfaction with the policies and the actions of the new government since May 22. As well, the results appear to reflect a concern on the part of many small businessmen regarding their current position. Can the minister tell us the number of small business bankruptcies that have occurred since May 22?

**Senator Flynn:** Because of the situation prior to May 22?

**Senator Perrault:** Can the minister tell us as well what measures are going forward on an urgent basis to help the small businessmen in this country who, I suspect, provided a great deal of support for the Conservative Party during the general election campaign in the hope that something would be done for them.

**Senator de Cotret:** Well, honourable senator, I will be happy to provide you with the exact statistics on the number of bankruptcies since mid-May or the first of June—I am not sure which, but I will have to take that question under notice, as you are well aware.

With respect to the measures we are looking at in terms of small business, I should like to assure the honourable senator

and members of the Senate that we are conscious of the difficulties that small businesses in this country face and have faced for many years: problems dealing with management skills and problems dealing with availability of financial resources for expansion of equity capital. There are a number of specific proposals that are under study at the moment that will be announced in the near future. Some will probably be announced in the budget of December 11.

I should also like to reiterate to the honourable senator a statement I made to this chamber only a week or two ago, namely, that we were monitoring closely the impact of the interest rate situation in North America on our small businesses.

We have a bill before the other chamber the purpose of which is to increase the capacity of the Federal Business Development Bank, which caters to the financial needs of the small business in this country. That bill will allow it to further its activity in this field. Certainly that is a bill that I hope members of the opposition in the other place will see fit to pass expeditiously and that will pass through this chamber expeditiously. We are acting on a number of fronts and we will continue to do so in the interests of small business in this country.

**Senator Perrault:** I have a supplementary, Mr. Minister. The government has told us many times during this current session that they are “monitoring” certain situations “closely” and that they are “watching things” closely and are in the process of “evolving policies” after “studying the situation” carefully. Can the small businessmen expect some positive remedial action in the forthcoming budget? Has a date yet been set for the production of that budget? This is an urgent matter.

**Senator Olson:** December 11.

**Senator de Cotret:** The Minister of Finance announced several days ago the exact date of the budget. It will be December 11. It was given wide publicity. I am happy to reiterate that information for the Honourable Leader of the Opposition in this chamber.

**Senator Perrault:** The budget has been promised and the date has been changed several times.

**Senator de Cotret:** I don't believe so. I think if you look at the record it will show that there was no date set except the date of December 11. The budget will be brought down at that time and the Minister of Finance will explain exactly the fiscal situation that this country faces and the economic situation that this country faces and the measures that we, the government, intend to bring forward to deal with the difficulties and the opportunities and the potential we have in front of us.

**Senator Olson:** Would the minister give us the benefit of the results of their monitoring of the problems that have come about as a result of the change in interest rates, especially to small businessmen? If there has been any monitoring, we have no indication of what the results of that monitoring have indicated.

**Senator de Cotret:** Well, there has certainly been a monitoring of the situation in terms of the availability of credit; in terms of the access to financial institutions on the part of small businesses. We are looking at that situation closely. There is no question that we are living in a period where interest rates are very high. There are costs associated with those high interest rates. They are not a phenomenon unique to this country.

I went to great lengths to explain the interrelationships between our interest rate structure in this country and the interest rate structure of our neighbour to the south. It is certainly something that at the moment is creating difficulties for certain sectors of our economy, and we are following the impacts of these policies very closely.

● (2050)

**Senator Olson:** I will ask some supplementary questions tomorrow.

**Senator Perrault:** There is a time factor.

## FOREIGN AFFAIRS

### IRAN—SAFETY OF CANADIANS

**Senator Macquarrie:** Honourable senators, I should like to ask Senator Asselin, who answers questions in the Senate on external affairs, about the situation in Iran. I recognize that I am following up on the very perceptive and thoughtful question of my former and present colleague, Senator Olson, yesterday.

Can the minister advise us if there has been any development respecting Canadians in Iran, particularly those in the embassy, and further if there has been any development of our country's attitude or action in this very serious and grave situation in which our ally and neighbour, the United States, finds itself as a result of the outrageous actions of the Government of Iran.

[Translation]

**Senator Asselin:** Honourable senators, I can only repeat what I said in this house.

It is obvious that the Canadian government is following very closely the explosive situation in Iran. It is quite obvious as well that the holding of American hostages deeply concerns us. We do not know exactly what will be their fate. The fact is that we did not directly intervene with the Ayatollah Khomeini up to now. We have been reassured by the Iranian chargé d'affaires here in Ottawa that there is no danger, that the safety of the 48 Canadians now in Iran is not jeopardized.

However, as a precaution, we have asked our ambassador in Iran with whom we have hourly contacts to urge and advise those Canadians who do not have to remain in Iran to leave the country.

The ambassador has told us that so far the safety of Canadians is not threatened but of course if something rather special comes up he will immediately take the necessary steps to warn us.

[Senator Olson.]

[English]

### IRAN—CANADIAN INITIATIVE AT UNITED NATIONS

**Senator Bosa:** I have a supplementary question. In view of the apparent stalemate in the United States embassy situation, would the minister undertake to discuss with his colleague the Secretary of State for External Affairs the possibility of Canada taking an initiative at the United Nations by urging the members of that body to speak out and show their solidarity in upholding international law, diplomatic immunity and the sanctity of embassies?

**Senator Asselin:** I think the Secretary General of the General Assembly of the United Nations has already made a statement on the situation in Iran and has urged the Iranian people to release the hostages being held in the United States embassy. We must not go too far on this question, because we are afraid to endanger the safety of Canadians in Iran. I therefore do not think we should take the initiative of raising this question again at the United Nations.

## HEALTH AND WELFARE

### ADOPTION OF HANDICAPPED CHILDREN—FEDERAL AID

**Senator Thompson:** Honourable senators, I have a question to put to the Leader of the Government. By way of preamble, I should like to say that I am sure all senators recognize the very real contribution that outstanding Canadian families have made in taking into their homes and legally adopting children who are seriously handicapped.

Since the Government of the United States has a program called "Program Title 20," which provides subsidized granting for the care of such children to adopting families; in view of the fact that both Ontario and Saskatchewan have also subsidized adopting programs for these severely physically handicapped children; and in view of the fact that if these children were not legally adopted the federal government would be paying the costs through the Canadian Children's Aid Society or to other sources of foster homes to subsidize the treatment and welfare of these children, will the federal government, through the Department of National Health and Welfare, provide cost-sharing for these subsidized adoptions? Secondly, will the federal government now give up insisting that its subsidized share to adoptive parents must be considered as taxable income?

**Senator Flynn:** I thank Senator Thompson for having given me notice of his intention to ask this question.

I have been able to determine that the program of assistance to adoptive parents of seriously handicapped children meets all the requirements for shared cost programs under the Canada Assistance Program. There is absolutely no intention on the part of the federal government to cease or diminish its 50 per cent contribution.

With regard to the senator's concern about the taxable nature of this assistance, unfortunately I have not been able to



contact the appropriate official, but I will do so and report as soon as possible.

**Senator Thompson:** Thank you very much.

[Translation]

#### ROYAL CANADIAN MOUNTED POLICE

##### SEARCH OF PROFESSOR'S HOME

**Senator Langlois:** Honourable senators, I should like to put a question to the Leader of the Government in the Senate. I am not doing so because he is Minister of Justice and Attorney General of Canada but mostly because he is government leader.

I do not know whether or not this question has been put to him before, but I am referring to the news published in the newspaper *La Presse* on November 12 concerning the accusation, or rather the inquiry into a university professor, Mr. Hugh George Hambleton of Laval University in Quebec City who is allegedly suspected of spying for the Soviet Union.

I must say, for the information of the minister, that this case was first spread around by the TV station Télé-Capitale of Quebec City. To my utter surprise, it was later confirmed by the Superintendent of the RCMP. In this regard, *La Presse* wrote as follows, and I quote:

In Ottawa, a spokesman for the RCMP, Superintendent John Bentham, revealed that thorough searches have been made and that the inquiry was being pursued with a view to determining whether or not the Official Secrets Act had been violated.

The RCMP suspect the professor of having provided information in writing to a Soviet agent in exchange for sums of money.

According to that report and the statement of the Superintendent, the inquiry has not been completed. I wonder if the minister would give the Senate the assurance that he will ask his colleague the Solicitor General, who is responsible for the RCMP, to give instructions to put a stop to this type of reputation-mongering, which publishing the results of an inquiry while it is still underway constitutes, especially before the RCMP is in a position to make complaints or accusations.

**Senator Flynn:** I want to assure Honourable Senator Langlois that his description of RCMP activities is totally unfounded.

Channel 4 in Quebec City heard about the searches and reported on them after meeting with the person in question. I myself saw on television that this person admitted to being searched, and gave many details on this matter. All the publicity around this arose not out of RCMP information but out of information which came from the media in Quebec City.

The inquiry is still ongoing and has not reached any conclusion as of yet. As Senator Langlois mentioned, this is a matter for my colleague, the Solicitor General who is responsible for the RCMP. But I can say that if there were indiscretions, it is not the RCMP who is responsible but rather the media and maybe in fact the person who was searched.

I must also add that I discussed the possibility of prohibiting the media from mentioning that a search had taken place, so long as charges had not been laid, unless the person searched agreed to give out the information. I know that even this suggestion was not well received.

Of course, when the media are aware of facts related to a search, of law enforcers invading some place and coming out with piles of documents and what have you, they make it known to the public. It is impossible to prohibit them from doing so. Again, it is not the police, it is not the RCMP who gave out the information.

**Senator Langlois:** As a supplementary, first perhaps my honourable friend will allow me to set the facts straight.

I got the statement by Mr. Hambleton that was reproduced a week after confirmation by Superintendent John Bentham concerning the gossip of Channel 4. That is what I object to, and I ask the minister to discuss this with his colleague to see if there is a way of issuing directives to stop the confirming of gossip that is published indiscriminately in the newspapers.

**Senator Flynn:** I too read a lot of comments in the newspapers about that. I always noticed the representatives of the RCMP were refusing to give information. But they had to admit that a search had taken place. The facts were there. They were known to the media. But once again it is not the RCMP that gave the information.

I suggest, honourable senators, that it might be premature to use the word "gossip". I have nothing to say about that inquiry until the findings are made public.

**Senator Langlois:** But what I am asking the minister—this is my last question on the subject—is that he asks his colleague whether it would be possible to issue directives to stop the RCMP from confirming anything that is published in the newspapers?

**Senator Flynn:** I do not have to give my colleague such directives. He knows what he has to do. The RCMP know what they have to do. I say that in this case I consider from what I have been able to see that the RCMP behaved perfectly and unfortunately it is the media that said a lot of things. If you ask the RCMP if it is true that they made a search in such or such a place when everybody knows full well they did, what do you want the RCMP to answer? No, it is not true. They said: Yes, it is true. But there is no other conclusion.

As far as I saw, that was the only information given by the RCMP, whatever the interpretation *La Presse* might place on those facts. I tell you, I know, I was aware of the situation and I refused to make any comment, as did the RCMP. But the media have ways of cross-cutting answers, yes and no, et cetera, and to make a whole story out of it. That is the responsibility of the media. It is not the responsibility of the RCMP or the minister.

**Senator Langlois:** I regret to insist again that the minister might allow me to repeat what the RCMP is reported as having stated—

**Senator Flynn:** Is "reported" as having stated.

**Senator Langlois:** Well, it is reported in the paper, and the name of Superintendent John Bentham is there:

The RCMP suspect the professor of having provided information in writing to a Soviet agent in exchange for sums of money.

That is more than confirmed, it is adding to the gossip.

**Senator Flynn:** No, no, I do not read the paper the same way you do. I say it is a conclusion the paper draws from the fact that was known, that there had been a search. It is the paper that says the RCMP suspect him. It is obviously easy to draw that conclusion if there is a search.

**Senator Langlois:** Did Superintendent Bentham make that statement to the papers?

**Senator Flynn:** Not that I know.

**Senator Langlois:** Can you check for us?

● (2100)

[English]

### TRANSPORT

#### WHITEHORSE, YUKON TERRITORY—NEW AIRPORT TERMINAL BUILDING

**Senator Lucier:** I have a question for the Minister of State for Economic Development, which he may wish to take as notice.

In a letter from Mr. D. J. Dewar, Western Regional Administrator for Transport Canada, concerning a new air terminal building for Whitehorse, I was advised that "current planning is directed toward constructing a new air terminal building in the fiscal year 1979-80." That letter was dated December 13, 1976. That is a deadline which obviously will not be met.

I wonder if the minister can advise me what plans his government might have concerning the new terminal building in Whitehorse, and when it will now be built?

**Senator de Cotret:** I shall be happy to take that question as notice and provide the house with whatever remedial action we are planning to expedite a matter that obviously was left dormant by the previous government.

**Senator Lucier:** It may be a good idea for the minister to ascertain whether the previous government allowed the matter to drop.

**Senator Perrault:** Honourable senators, I understand that royal assent is scheduled for 9.45 p.m. In view of this I suggest that opposition followers and supporters exercise restraint in asking questions at this time.

Resuming the debate on the motion of the Honourable Senator Nurgitz, seconded by the Honourable Senator Macquarrie, for the second reading of the Bill C-23, intitled: "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1980".—(*Honourable Senator Perrault, P.C.*).

**Senator Perrault:** I yield to the Honourable Senator Everett.

**Senator Everett:** Honourable senators, Bill C-23 is an appropriation bill in which we will vote supply for nine-twelfths of the main estimates and all of supplementary estimates (A).

We have been treated to an explanation of the bill by Senator Nurgitz, and I would like to thank him on behalf of the Senate for his excellent exposition, and also, since I did not have an opportunity earlier to do so publicly, to welcome him to the Senate.

**Hon. Senators:** Hear, hear.

**Senator Everett:** Senator Nurgitz is an outstanding lawyer from Winnipeg, a former President of the Progressive Conservative Party, and a man who, in my terms, as a Liberal in Manitoba, has had an enviable track record in electing Conservatives—I regret to say.

**Senator Flynn:** You are a Conservative in Manitoba?

**Senator Everett:** I won't answer that.

The Standing Senate Committee on National Finance has examined supplementary estimates (A), and is in the course of examining the main estimates. There are 12 votes in the supply bill in which we are asked to grant full supply.

That is an unusual situation, because until the main estimates are passed by Parliament we are usually asked to grant only nine-twelfths of supply. However, these votes refer to summer programs, and programs where payments are to be made prior to December 31.

There are four votes in which only eleven-twelfths of the expenditure have been met under Governor General's warrants, and, indeed, the granting of full supply, does contravene the general rule of Parliament. In this case, I think Parliament is wise to accede. These expenditures were covered by Governor General's warrants and, as Senator Nurgitz has so ably explained, those warrants should be included in the first supply bill.

● (2110)

In the course of examining the President of the Treasury Board, we were told that the main estimates total \$52.9 billion for the fiscal year ending March 31, 1980, and that it was estimated that, when they were tabled by the former government, there would be an additional \$1.35 billion in supplementary estimates, bringing total expenditures for the fiscal year ending March 31, 1980, to \$54.25 billion.

The government at that time had said that, through lapses in spending and the repayment of loans, spending in the fiscal year 1979-80 would be held to \$52.6 billion. Already we have

### APPROPRIATION BILL NO. 1, 1979-80

#### SECOND READING

On the Order:

[Senator Flynn.]



had supplementary estimates (A) and (B), which total over \$2 billion, and supplementary estimates (C) are still to come.

I quote the President of the Treasury Board:

—it is clear that the \$52.6 billion spending ceiling is completely unrealistic.

I can say to honourable senators that I am very disappointed to hear that. While it may be justified in the circumstances, I do think that the former government was keeping its spending under control. Yet we have the situation today in which the President of the Treasury Board has said that the spending ceiling is completely unrealistic. I hope by that he does not mean that spending ceilings ought to disappear, because I think they are a useful discipline. I would hope that the President of the Treasury Board would, after some thought on his part, reinstitute them.

Honourable senators, I should like to make three very brief points in respect of the estimates and this supply bill. While they do not directly relate to the supply bill, they do put it in a context which will allow us to better understand it.

I should like to view this bill, first of all, from the point of view of government spending. I think we are all agreed that we have to bring government spending under control. There are those who say we must do so because government deficits lead to inflation. That is the popular conventional wisdom. But I suggest to you that, in fact, there is no empirical data to prove that statement. Inflation can be controlled, even in a deficit situation, by other means.

If one looks back in history, one finds there have been many times when, through periods of high deficits, there has been virtually no inflation. So, we do not have to control spending, in my judgement, because it leads to inflation. I believe we have to control spending and eliminate deficits simply because deficit spending prevents us from employing the sound fiscal measures that will make our economy more efficient and more productive. That is the reason for controlling government spending.

The Economic Council, in its recent report entitled "Two Cheers for the Eighties," brought out an interesting point about fiscal measures. The savings rate in Canada is, I believe, in the neighbourhood of 10 per cent—I see Senator Austin indicating more, so I shall amend my statement to say more than 10 per cent—whereas the savings rate in the United States is less than 5 per cent. Why is the savings rate in Canada double that of the United States? Why does that occur?

Well, the Economic Council says that Canada, through its fiscal policies relating to the deduction of the first \$1,000 in interest, the deductions for RHOSPs and RRSPs, and other tax deduction measures, encourages people to save, whereas the fiscal measures in the United States discourage savings. I think that is one of the most dramatic examples of how useful fiscal policy can be in creating a more efficient and effective economy.

Honourable senators will recall that Mr. Carter said a buck is a buck; that there was no special emphasis to be placed by

taxation on any objective. Well, I think he was quite wrong, and I think this proves that fiscal measures are important in directing an economy. If we want more multiple housing built, allow an income tax deduction for MURBs. Another example is the money that is today pouring into oil exploration from individuals because of a fiscal measure.

These fiscal measures are important. They are effective. The reason you control government spending, the reason you eliminate deficits, is to have the ability to bring into play those kinds of measures. If you are in a deficit situation, as we are today, you can only do so much, and the result is that you are precluded from doing many things that you should be doing.

The question, then, is how to control spending. The President of the Treasury Board gave us some suggestions in this regard, and I should like now to read from his testimony before the National Finance Committee, as follows:

There is room for a committee such as yours, Mr. Chairman, to come back with some suggestions as to where you feel there has been an overkill, if you like, generous request for funds.

And then the following exchange:

THE CHAIRMAN: As a supplementary, are you talking about suggestions that would reduce the current spending, or about suggestions that would affect future estimates?

HON. MR. STEVENS: I would say, sir, both, in that I think there is room for suggestion, and certainly we will respond to any suggestions that this committee wishes to make concerning current spending in the fiscal year 1980.

THE CHAIRMAN: That is, to amend the blue book?

HON. MR. STEVENS: Yes. It will probably be reflected in our next supplementary estimates. We shall be bringing in the supplementary estimates (C) in February or March and it could be reflected there.

That is an amazing suggestion from the President of the Treasury Board, but in fact it will not work. The spending estimates are far too large to allow for that kind of manipulation. Suggestions could be made, but they could not be incorporated into the spending estimates, and anyone who has spent some time with them knows that this is not a feasible method.

A method used by the previous government, a government of whose party I am a member, was global cuts in spending. The trouble with them is that the savings have to come from within departments, with the result that departments kill programs in order to get more effective programs going, but do not really look at what makes programs tick. Global cuts work while the pressure is on, but as soon as the pressure comes off the spending goes right back up.

• (2120)

The present government has suggested an innovation in the global cuts system. This is known as the "envelope" system which, if I understand it correctly, means that instead of the savings coming from one department for a program that is being launched or expanded by that department, there are a series of departments that relate to each other in an envelope,

and the savings can come from any one of the departments in that envelope. Clearly, this is an improvement, because a minister is not confined to his own department for the purpose of finding money for a new or expanded program; he can go to other departments within his envelope. This system still suffers from the same defect, however, and that is that you have to get the money from somewhere, and so you kill off something that may be useful.

The Standing Senate Committee on National Finance was concerned about this. We said to ourselves, "If you really want to save money in government, what you have to do is make an intensive examination of a particular department in order to find out what makes it work, how you can make it work better, and whether a particular program ought to be continued."

To this end we examined the information services of government, the Department of Public Works and the Department of Manpower and Immigration. In the case of the Department of Manpower and Immigration we got 52 out of our 56 recommendations implemented. In the case of the Department of Public Works it was about the same number. We proved that it was possible for a committee on a small budget to go into a department in a very intensive way and see how it could be operated more efficiently. I think that is the only way you are going to control spending in government effectively.

I would therefore like to endorse the statement issued by the Prime Minister's Office on August 30, which says:

Reviewing expenditures on an on-going basis.

Procedures will be established to review programs on an ongoing basis to determine whether the original objectives are still valid and to determine whether programs have been effective in meeting their stated objectives.

I endorse that statement.

I understand it is the government's intention to bring forth a program evaluation act, and if in fact that is the case, I also endorse that. If the government is serious about this business of controlling spending, then it will certainly have the full co-operation of the Standing Senate Committee on National Finance.

Honourable senators, the second point I would like to touch on briefly is monetary policy. The second largest expenditure in the estimates for this year is public debt. The servicing of the public debt in this year will cost \$8.35 billion, or 16.5 per cent of our budgetary estimates. That is the percentage that existed at the time the estimates were tabled. As honourable senators know, the cost of servicing the debt is going up at a very fast rate. The question is: How do we control it? The first thing we can do is balance the budget. The second thing we can do is not heed the siren call of those people who today call for administered lower interest rates. In short, I endorse the action of the Governor of the Bank of Canada in controlling the money supply. If that results in higher interest rates, which it will for the time being, then I suggest that that is what should happen, because the only way in which we will get lower interest rates is to cool out the inflation and inflationary expectations in this country. I think we do a disservice in

criticizing the Governor of the Bank of Canada for doing that which is economically responsible.

Finally, honourable senators, I want to deal with the question of regional imbalance. I agree that there is a need in Canada to increase oil prices. I think we have to increase oil prices to a level that encourages conservation, and which permits us to achieve energy self-sufficiency. What worries me is the present division of those revenues. The money that is pouring into Alberta, and the imbalance that it is going to create, is, in my judgment, frightening. The Heritage Fund in Alberta, at this point, stands at over \$5 billion. It is consuming 30 per cent of the Government of Alberta's revenue from non-renewable resources. I understand that the Government of Alberta wishes to dedicate more than 30 per cent to the Heritage Fund, so that in the future it will increase at an even faster rate. This fund is realizing an interest rate of close to 9 per cent a year at the present time, and it is not paying any tax. At that rate, with no tax, money doubles every eight years. It is, therefore, very easy to see that this fund, even before you increase oil prices, could soon very easily amount to twenty, twenty-five or thirty billion dollars. If oil prices are to be raised in accordance with some of the suggestions that I have seen, then we will be talking about a fund of enormous proportions. Perhaps I am over-reacting, but I think that sort of financial imbalance can destroy Confederation.

I would, therefore, like to give three pieces of advice to the government. First, control spending so that you can employ proper fiscal measures to improve the efficiency of our economy; second, support the present monetary policy of the Bank of Canada; and third, deal with the problem of dividing the oil revenues in this country on a fair basis.

● (2130)

**Senator Austin:** I wonder if I might be allowed to address a question to Senator Everett, and in so doing say that I thought he delivered an outstanding address to this chamber on this question.

**Hon. Senators:** Hear, hear.

**Senator Austin:** Has the honourable senator given his attention to the question of indexing as it is practised by the Government of Canada, and whether it assists in fighting inflation or whether it actually deters fiscal and particularly monetary efforts to fight inflation?

**Senator Everett:** Honourable senators, the report of the first study we made as a committee after I became chairman was entitled *Growth, Employment and Price Stability*. In this study we took a broad look at the Canadian economy and received advice not only from throughout Canada but from around the world. We came to the conclusion that there should be indexation of certain payments, but not all. Indeed, I think that was probably an accepted economic theory at that time, although there was some resistance to it.

One of the proponents of that theory was Dr. Milton Friedman, who believed that if there were indexation, once you employed the fiscal and monetary policies in a proper manner and put pressure to reduce inflation, there would be a reduc-



tion. Indexation, in other words, would operate in reverse and would prevent the sort of rigid price rises that come out of, say, agreed-upon pay increases. He has since changed his mind and has come to the conclusion that one of the reasons for inflation can be laid at the door of indexation. He has done a complete 180-degree turnaround.

I do not know that I have come down on either side. It seems to me that if there is inflation, there will be indexation of one form or another. For example, if you reduce the term of mortgages to one year, you have effectively indexed them. If labour contracts get down to one year, they are indexed. One way or the other you will have indexation of all those segments of the economy that can look after themselves. Of course, there will be no indexation of those segments that cannot look after themselves.

I would say yes, I am still in favour of indexation because the only way in which you can control inflation is not to feed it with additional money. In other words, until you control the money aggregates and say they will grow at a reasonable level, it does not really matter whether you have indexation or not. You will have inflation, and one way or the other people will index against that inflation. I do not come down on either side. The side I come down on is the present policy of the Governor of the Bank of Canada to control the money aggregates.

**Senator Thompson:** I wonder if I might ask a question?

**The Hon. the Speaker:** I should like to draw the attention of honourable senators to the fact that we are in a time bind in view of the possibility of the arrival of the Deputy of His Excellency the Governor General. I do not want to cut off the debate, but we are fairly close to our time limit.

**Senator Nurgitz:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator Nurgitz speaks now, his speech will have the effect of closing the debate on second reading of this bill.

**Senator Nurgitz:** Honourable senators, I shall attempt to be brief. When I concluded yesterday, Senator Connolly asked me a question. According to yesterday's *Debates of the Senate*, he said:

Can he give us any further information about that special warrant? What was the amount of the warrant? What was it intended to cover? Are those new items that were not included in the main estimates or in the supplementaries?

Very briefly, the special warrant referred to amounted to \$147.8 million, and it covered the cash requirements of certain items which appeared in the final supplementary estimates for 1978-79 and had to be paid in that fiscal year. If you have a look at the clause, you will see that the special warrant was issued on March 29 last.

These are not new items and, since they pertained to 1978-79, they were not included in the 1979-80 main estimates nor in supplementary estimates (A) of 1979-80.

Although the expenditures financed by special warrant were legally appropriated, the government's view is that they should be confirmed by Parliament, which is why the special warrant is referred to in clause 3 of this bill.

The specific items covered by the special warrant pertaining to the last fiscal year are detailed in the *Report on Supplementary Estimates (B)*, 1978-79, which was made available to honourable senators after being tabled by the President of the Treasury Board in the other place on October 11, 1979.

Motion agreed to and bill read second time.

### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read a third time?

**Senator Nurgitz:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move, seconded by Senator Macquarrie, that this bill be read a third time now.

Motion agreed to and bill read third time and passed.

### BUSINESS OF THE SENATE

**Senator Roblin:** Honourable senators, before we proceed any further, I suggest that if the Deputy Governor General is to appear soon, we should defer the balance of our business until our next sitting.

**Hon. Senators:** Agreed.

### ROYAL ASSENT

#### NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received:

RIDEAU HALL  
OTTAWA  
GOVERNMENT HOUSE

November 20, 1979

Sir,

I have the honour to inform you that the Honourable Julien Chouinard, O.C., C.D., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 20th day of November, at 9.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,

Sir,

Your obedient servant,  
Edmond Joly de Lotbinière  
Administrative Secretary to the  
Governor General

The Honourable  
The Speaker of the Senate,  
Ottawa.

**The Hon. the Speaker:** Is it agreed, honourable senators, that there being no other business before the Senate, the Senate do now adjourn during pleasure to await the arrival of the Deputy of His Excellency the Governor General?

**Hon. Senators:** Agreed.

The Senate adjourned during pleasure.

● (2140)

### ROYAL ASSENT

The Honourable Julien Chouinard, O.C., C.D., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable Julien Chouinard, O.C., C.D., Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his

part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act respecting certain postal rates.

The Honourable James Jerome, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st of March, 1980.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.



## THE SENATE

Wednesday, November 21, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### THE RIGHT HON. PIERRE ELLIOTT TRUDEAU

TRIBUTES ON RESIGNATION AS LEADER OF THE LIBERAL PARTY  
OF CANADA

**Senator Roblin:** Honourable senators, in the absence of the Leader of the Government, the Honourable Senator Flynn, I rise to say that it might be considered appropriate, before beginning the afternoon's business, to take the opportunity to pay our respects and express our appreciation for the contribution made to our political life and our national endeavours by one of the most distinguished public men of our generation. I am referring, of course, to the Right Honourable Pierre Elliott Trudeau, for 11 years the Prime Minister of this country, who has today given notice of his resignation as Leader of the Liberal Party of Canada. This event certainly marks the end of an era, but not at all does it mark the end, I am sure, of the extraordinary career of the gentleman whose name I have just recited to you.

This is not the time, and we are not the ones to attempt any definitive statement of Pierre Trudeau's contribution to the life and growth of our country and his career as a public man. No doubt time and our successors will give the final judgment on his government as they will on the activities of all of us. However, it is surely not too soon to say that in the eyes of his contemporaries, and I am sure in the eyes of his contemporaries in this house in particular, Pierre Trudeau is the authentic, modern representative of that most distinguished line of French-speaking Canadian statesmen whose part in Canadian nation-building has not only been unique, but absolutely indispensable.

**Hon. Senators:** Hear, hear.

**Senator Roblin:** Pierre Trudeau cares passionately about Canadian unity, and I am sure that he cares just as passionately for the rightful place French-speaking Canadians should occupy in our nation in all its aspects. His public advocacy of such great issues as the language policy, the quality of the French-speaking Canadians who were members of his cabinet and whom he brought into the civil service, and his crusade for constitutional renewal are all eloquent testimony of his hopes for the future of this country and the depth of his devotion to those hopes.

His personal qualities such as his capacity to inspire and charm are also unique. This was so fully displayed in the election of 1968. I speak with some feeling because I was an unsuccessful candidate in those days, so I know something of

the force of the attraction of the magnetic personality of this man. His qualities of mind and of manner; his mastery of the Socratic method by which he dissected the public issues of the nation; and his devotion to Cartesian logic enabled him to apply his intellect so forcefully to the solution to those problems. His ideas, and the attraction to him of ideas that were intellectually complete and logically satisfying, mark him out as a man who is well furnished with ability.

• (1410)

But his outstanding characteristic, I think, which was amply demonstrated throughout his whole career, is the fact that he is now, has always been and will continue to be, what we call "his own man." Here is a man who always understood his place in the scheme of things and was dedicated to his task.

Whatever the differences may be—and of course there are some—in matters of policy or, indeed, of politics, he leaves his present post, I am quite certain, with the warm appreciation and profound respect not only of men and women in this house but, I am sure, of Canadians from one end of the country to the other.

I think the very least we can do today, and that we are very happy to do, is to wish him well in all those good things that the future must hold for a very great citizen of this nation.

**Senator Perrault:** Honourable senators, all members of the loyal Liberal opposition in the Senate appreciate the generous and understanding remarks that have just been uttered by the Deputy Leader of the Government in this chamber.

We on this side, because of our long and close association with Mr. Trudeau, may be in an especially good position to recognize the great contribution he has made to this nation, and certainly to our Liberal Party.

Canadians generally, regardless of their political affiliation, whether they traditionally vote for the Liberal, Conservative, NDP, Social Credit or any other party, recognize that greatness is not restricted to any one political party, that Canada has been well served by many outstanding people in public life, including leaders and Prime Ministers, who have been members of the Liberal Party and the Conservative Party, that Canada has been served as well by people who have had other party loyalties and affiliations. Certainly, we as Liberals are proud of those from our ranks who have led this nation and contributed to its growth.

Canadians generally, regardless of their political affiliation, were surprised and, perhaps, saddened this morning to learn the news that the former Prime Minister and the present Leader of Her Majesty's loyal opposition in the House of Commons had decided to resign as leader and to ask our National Liberal Federation for a leadership convention for

next March. But the life of our party, as the life of all political parties, must carry on and must continue. The members of our party shall set about selecting a leader, but not without thinking much of the events that have taken place under the leadership of a great Canadian, Pierre Elliott Trudeau.

I think it not unduly partisan to say that Mr. Trudeau has made a contribution to this nation that is simply immeasurable in ordinary terms, whatever standard may be chosen—Canadian unity, economic growth, the elimination of regional disparities, the protection of minority rights, cultural recognition and fulfillment, Canada's efforts in foreign affairs, and so on. Many of these policies, as is inevitable, were controversial, and there have been some failures in the record, as there are failures in the record of any government or Prime Minister, regardless of the political party. The government now entrusted with the responsibilities of governing Canada is discovering that the governmental process does not assure one success following another. Many difficulties arise for those entrusted with major responsibility, difficulties which made certain policy successes impossible.

Whatever the success or failure rate of his policies—and they are mostly successes—history will show that Pierre Elliott Trudeau leaves his role as a national party leader after more than 11 years of dedicated service and positive achievement, and this achievement through one of the most difficult periods in the history of our country.

I think we can agree, regardless of party, that our country today is stronger and better, and a more decent land because of Mr. Trudeau's contributions as Leader of the Liberal Party and as Prime Minister. And we can take encouragement from the fact that he has let it be known that he intends to carry on his never-ending fight for a united Canada, and his fight against separatism, that he is going to play an active role in the referendum debate and dialogue in his home province in the weeks and months to come.

He has been one of Canada's great Prime Ministers and leaders, and it is certain that historians, when they write of his years of stewardship, will accord him a very high place in the history of this country, a place along with the other great Prime Ministers, including Laurier and Macdonald, and other outstanding Liberals and Conservatives. Mr. Trudeau will go down as one of this country's great leaders.

Hopefully, Mr. Trudeau will continue to render service within Canada and internationally, and for that reason my remarks are not to be thought of as a eulogy, for today's events do not mark the end of Mr. Trudeau's career. They mark the beginning of a new and productive career in the service of the people of this nation, and perhaps internationally. All of us wish him well.

[Translation]

**Senator Marchand:** Honourable senators, it is as difficult for me to speak as it is to remain silent. However I know it would be inexplicable if I did not say a few words about the sudden departure of Mr. Trudeau as Leader of the Liberal Party, he who was Prime Minister of Canada for 11 years.

[Senator Perrault.]

Of course I am at a disadvantage in that I am a personal friend of Mr. Trudeau. I will therefore try to set that consideration aside for a moment because personal friendships and politics belong to different realms and should be confused as little as possible.

I think that Mr. Trudeau was a great servant of the country; in my opinion, there is no doubt about it. We can discuss the way he wanted to serve or how he served the country. Such a freedom is a characteristic of our democracies and the basis of our fundamental rights. However, it remains that this great man, intelligent and with deep moral convictions, has lived an extremely significant experience for the entire country. I could say that this experience is not exclusive to the Liberal Party. It is not necessarily over because Mr. Trudeau has decided to resign. It must continue to show that Canada is a country which not only can survive, but which can live fully.

This experience is at the very heart of the Canadian problem, and that applies to all political parties. What is therefore to be done to make francophone Canadians feel at home in this country and prevent anglophone Canadians from feeling that they are being shoved about by a group seeking a better place under the sun? That is the great dilemma we must face. Mr. Trudeau has been at the focus of this dilemma for the past 11 years. He is stepping down. Personally, I regret his decision for a number of reasons. Yet, we must consider the pros and cons of this event, analyze this experience, and find out how we can pursue it in order to reach, as soon as possible, the objectives we set for ourselves in 1965. The Quebec problem is real, but there are others which, although of a different character, are no less important. That is the challenge of federalism itself. Is it really possible to reach a perfect balance, not permanent of course, but stable enough so that everybody may be proud to belong to our great country?

Honourable senators, Mr. Trudeau lived that experience. He gave it all his talent. He gave it all his energy as well as all his honesty. He is not the only one to have done so. And doubtless others will attempt to do so after him. I hope others will do it with as much courage. The worst political situation in which a man can find himself in Canada is to be held suspect by both francophones and anglophones. The great difficulty, naturally, is one of communications, which stems from the very nature of our country. In any event, I believe that experience was extremely rewarding. It is far from being over. I hope that those who are in power at this time will pursue it further because it is the only one that is worthwhile. I believe there can be no real peace and harmony in this country until such time as we understand one another well, until such time as everyone feels that he is treated fairly.

As for the personal qualities of Mr. Trudeau, I feel a bit frustrated because the Deputy Leader of the Government described them so much better than I could, although I am happy that he should have done so. And I thank him for it.

To my mind, today is a sad day for all of Canada. It is not a day of sorrow because Mr. Trudeau is still alive and active. Even this morning, he told me that he would continue to fight for his ideas on federalism, not only among francophones but



also with anglophones. Both need to understand better what federalism is all about, and learn to accept the responsibilities it implies, as well as its advantages. What is meant by a common life? By living together? What is tolerance? What do we mean when we speak of mutual respect? That is "Canada's challenge." That is part of Mr. Trudeau's experience. Naturally, as we all know, in politics circumstances make the man. Man can change them but in their turn politics can destroy him. That is a universal law. No one, unfortunately, can escape that fact of life.

I do not intend to analyze here all the reasons why Mr. Trudeau has decided to resign today. History will tell us. I hope I will write part of that history, if circumstances ever allow me to do so. For now, I believe we can all together and without restriction regret the departure of the Liberal Party Leader, Pierre Elliott Trudeau. We must be grateful to him for all the services he has rendered. He will keep on fighting for the idea in which he deeply believes. Indeed, his ideas are shared by most members of this house and of the House of Commons. We can always argue about approaches and attitudes but the basic idea of a tolerant Canada is to have regions which understand and help one another, ethnic and linguistic groups which co-operate for mutual enrichment. These are fundamental values that we must share. Such an ideal is not particular to anyone: it belongs to all of us collectively. I think Mr. Trudeau has served well in that sense. I hope we and others will all go further in that direction.

● (1420)

[English]

#### DOCUMENTS TABLED

**Senator Roblin** tabled:

Report entitled "Language Reform in Federal Institutions", issued by the Minister of State (Treasury Board).

Statement showing Classification of Loans in Canadian Currency of the Chartered Banks of Canada as at September 30, 1979, pursuant to section 119(1) of the *Bank Act*, Chapter B-1, R.S.C., 1970.

#### ONTARIO

DERAILMENT AT MISSISSAUGA—MOTION COMMENDING PEOPLE FOR THEIR ACTIONS IN MEETING EMERGENCY SITUATION

**Senator Norrie:** Honourable senators, I would like to take this opportunity to move, seconded by the Honourable Senator Rowe:

That the Senate send a letter to the Mayor of Mississauga, Ontario, congratulating all those involved in attending to the emergency arising from the recent train derailment in that city.

**The Hon. the Speaker:** Is the motion in writing? Honourable senators, is there leave that, notwithstanding our rules, I put the question on the motion?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

Motion agreed to.

### QUESTION PERIOD

[Translation]

#### FOREIGN AFFAIRS

SAFETY OF CANADIANS IN MIDDLE EAST AND ASIA

**Senator Asselin:** Honourable senators, perhaps you will allow me to give you an overview of the situation in the Middle East.

First of all I would like to thank honourable senators for refraining for a long time from asking questions which might have embittered the debate. This could easily have happened, of course, had we followed our natural instincts and given way to our normal reactions following certain recent developments in Iran.

I also want to limit myself to that particular situation this afternoon. However in light of other incidents last night, especially in Pakistan, I would like to advise the Senate of the information I have received from the Department of External Affairs. Apparently a number of Pakistani students attacked and set fire to the American embassy in Islamabad. We have not yet received sufficient information to be able to comment on this but I want to indicate to the Senate that we are in direct contact with our embassy there and that the 95 Canadians, including our embassy staff around Islamabad, are in no danger.

There are now 300 Canadians in Pakistan, so we will be following the situation very closely. There were reports that our embassy had been attacked, but that is not so. Attacks were aimed at American institutions. Since there was an American school near the area where some Canadians were living, we thought it best to move Canadians immediately to our chancellery and our embassy. To date the safety of Canadians in that region does not appear to be compromised.

As for the incident in Saudi Arabia, we have not received any information about the events in Mecca but it is doubtful that there were many Canadians there when this happened. For the information of honourable senators, there are 1,800 Canadians in Saudi Arabia. We have been told they have reported to the embassy and that so far there is no danger to their safety.

In Iran the situation seems to evolve very, very slowly. Our ambassador calls the external affairs officials just about every hour. I repeat what I stated yesterday; there has not been any escalation concerning the hostages kept prisoners in the American embassy compound. The fact remains that, indirectly, our ambassador is doing his utmost to offer mediation

which could in due course lead to an acceptable solution for both parties involved.

● (1430)

[English]

**Senator Perrault:** Honourable senators, I know that all of us are appreciative of the statement made by the minister on the subject of the Middle East situation. Certainly Canadians are concerned about a number of matters in that area, but if detailed answers to our questions are not available today that will be understood by the opposition.

Can the minister provide us with a complete status report on all Canadian diplomatic offices in the Middle East and give us the assurance that all of our officers and employees in those offices are safe and secure? One must necessarily conclude from the news reports that the disruptions are spreading from country to country. Consequently, some of us have had inquiries asking about the security of Canadian citizens and the security of our offices in the Middle East countries.

Would the minister provide comprehensive information, from whatever sources, about other Canadians presently in the Middle East, giving the count by countries? Can we be assured that all Canadian citizens in that troubled area are presently in no danger?

I do not expect the minister to be able to provide that kind of information at this time.

Would the government explain in detail the procedures which are now in place to monitor developments in the Middle East so that we can be absolutely sure that we are on top of the situation and will not be taken by surprise by unexpected events.

That may be a rather tall order, in view of the fact that communications between North America and the Middle East cannot be easy at the present time.

The fourth question that is of interest is: What steps are being taken by the government to guarantee the security of Canadian government property in countries in the Middle East?

I shall be glad to provide an immediate text of these questions for the minister. I know there are a great number of inquiries for reply. I shall be glad to send the questions across the chamber in their typewritten form.

My fifth question is: What steps are being taken by the government to evacuate Canadian citizens from that troubled part of the world, if such a drastic step should become necessary to ensure their safety?

Those questions are of concern not only to members of the opposition, but I suggest, to all members of this chamber.

**Senator Asselin:** I thank the Leader of the Opposition for asking those very important questions. I shall try to provide the necessary details. The Leader of the Opposition will understand that in order to protect the security of Canadian citizens, it may not be possible for me to provide all the information he requires. However, I shall try to provide the answers tomorrow.

[Senator Asselin.]

**Senator Buckwold:** I have a supplementary question for the Honourable Senator Asselin. Perhaps my question might be added to those that have just been asked by the Leader of the Opposition. Are we in close contact with our American friends and neighbours with regard to the matter of immediate concern? Concerning our relationship with the United States, are we maintaining close contact regarding any move that the United States may make which might possibly involve Canada?

[Translation]

**Senator Asselin:** Honourable senators, of course our embassy in Washington is keeping in constant contact with U.S. authorities. If, of course, the Americans were to ask Canada to serve in any way as an intermediary to help them solve the conflict, I am sure the Government of Canada would not hesitate to take the necessary steps to do that.

[English]

**Senator Olson:** Honourable senators, I have a further supplementary question. Will the minister who is replying on behalf of the Department of External Affairs provide us also with an accurate report of the action taken by the United Nations, particularly with respect to the action taken by America yesterday? Will he also advise whether or not there has been a policy pronouncement from the Secretary General, and whether or not the Security Council has this whole matter under consideration? Can the minister provide us with a direct report from our embassy there on what occurred at the two U.N. offices in New York?

**Senator Asselin:** Yes, I will do that.

## THE ECONOMY

### PURCHASE OF OIL FROM OPEC—CURRENCY OF PAYMENT

**Senator Austin:** Honourable senators, I have a question for the Minister of State for Economic Development arising out of reports that the Government of Iran is seeking to have all OPEC countries require payment for oil in other than United States currency. Can the minister tell us whether this report is true, and whether the Canadian government has been making representations to its traditional international suppliers regarding the question of payment in U.S. currency; also whether we have a contingency plan if, indeed, we are not going to be able to pay for international oil supplies in U.S. dollars?

**Senator de Cotret:** Honourable senators, I shall have to take that question as notice.

● (1440)

I am not aware of any official communications on that topic. I will have to talk to my colleagues, who might be more directly involved in such discussions, and report back very shortly.



## ADMINISTRATION OF JUSTICE

### GUN CONTROL—RESTRICTED WEAPONS LIST

**Senator Roblin:** Honourable senators, if we are close to the end of our usual Question Period, perhaps I might be allowed, on behalf of Senator Flynn, to respond to a couple of questions that could not be answered at the time they were asked.

The first reply is to an inquiry made by Senator Frith on November 8 last concerning the Colt AR-15.

The reply is as follows: The Colt AR-15 was added to the restricted weapons list in 1977. After a report out of Calgary that a youth had been able to purchase one, controversy ensued over this matter, and the suggestion was made that such weapons should not be so readily available. Consequently, after this event, Bill C-51 was introduced and approved by Parliament, providing for a system of firearms acquisition certificates, which is a universal screening system for all persons acquiring firearms. That system is now in force. The principal reason for restricting the Colt AR-15 in the first place no longer applies because of this new system.

There are approximately 5,000 of these guns in Canada, and their owners use them for target shooting and vermin control.

Under the new definition of restricted weapons in section 82 of the Criminal Code, the Governor in Council may only restrict weapons that in his opinion are not reasonably required in Canada for hunting or sporting purposes, which is not the case with the Colt AR-15.

The provincial chief firearms officers were consulted, and it was their unanimous opinion that the Colt AR-15 could safely be derestricted.

## TRANSPORT

### TRANSPORTATION OF NUCLEAR MATERIALS—SAFETY REQUIREMENTS

**Senator Roblin:** I have another answer, in this case for the Honourable Senator Thompson, who inquired on November 13 and 15 about regulations covering the transportation of nuclear materials.

Canada subscribes to the regulations for the safe transport of radioactive materials as determined by the International Atomic Energy Agency, in Vienna, in 1973. Those regulations are controlled and enforced here in Canada by the Atomic Energy Control Board. The labelling of cars is in accordance with international placarding regulations, and no parcels of radioactive material may be placed close to anything combustible, inflammable or explosive.

I can also tell the honourable senator that I have obtained a copy of the IAEA regulations. Unfortunately, they are only in English, but I will be glad to table them at present so that the honourable senator will have a chance to look at them, should he wish to do so.

*Senator Roblin then tabled:*

Copies of the International Atomic Energy Agency Standards, Safety Series No. 6, entitled "Regulations for the Safe Transport of Radioactive Materials," 1973

Revised Edition. Code of Practice sponsored by IAEA and WHO. (*English text*)

## ENERGY

### IMPORTATION OF OIL FROM MEXICO—AGREEMENTS TABLED

**Senator de Cotret:** Honourable senators, I have here a reply to a question raised by Senator Lamontagne on November 8, 1979, with respect to our agreements with Mexico. I would like to state that the energy co-operation agreement negotiated and initialled in May of this year provides for the commencement of oil shipments from Mexico in small quantities prior to the end of 1980. The flow of oil is to reach 50,000 barrels per day within 12 months of the commencement of shipments, and 100,000 barrels per day as soon as Mexican production permits.

The agreements, initialled but not yet signed, have been approved by both governments, and are considered by both sides to be operative *de facto*. We have every reason to believe that the oil shipments will begin on schedule.

The text of the agreement, and the text of the industrial co-operation agreement, were released to the public by the then Minister of Energy, Mines and Resources and the then Minister of Industry, Trade and Commerce on May 4 of this year. I am pleased to provide copies of both agreements as requested by Senator Lamontagne.

Given the importance of these agreements to both countries, the two governments consider that signature at the level of President and Prime Minister should take place on the occasion of the proposed visit to this country of the President of Mexico, President Portillo, in the spring or early summer of 1980.

**The Hon. the Speaker:** Order. Before the minister proceeds, I wonder if I might ask if it is his intention to table those documents or to ask that they be appended to the proceedings of the Senate.

**Senator de Cotret:** It suits us to have them tabled, sir.

*Senator de Cotret then tabled:*

Copies of Text of the Canada-Mexico Industrial Cooperation Agreement. Initialled at Mexico City, March 7, 1979.

Copies of Text of the Canada-Mexico Energy Cooperation Agreement. Initialled at Mexico City, May 4, 1979.

### SELF-SUFFICIENCY—RESOURCES AND COST OF DEVELOPMENT—ANSWERS TO QUESTIONS PRINTED AS AN APPENDIX

**Senator de Cotret:** Honourable senators, I have had an answer prepared to a question on energy raised by Senator Connolly, and a supplementary question raised by Senator Smith (Colchester). Those questions dealt with self-sufficiency and some of the statistics on how the self-sufficiency scenario might develop. This is a fairly lengthy reply of some seven

pages. I believe it might serve the purposes of the house if I just tabled it.

[*Later:*]

**Senator Olson:** Honourable senators, I wonder if I may ask for a slight revision of what the minister has asked for. We have just had what amounts to almost a quick caucus, and we believe that the document with regard to energy and the self-sufficiency program, which I understand is some seven pages long, has generated enough widespread interest to justify having it printed as an appendix to today's proceedings. Therefore, I ask that the document be printed as an appendix to today's *Debates of the Senate*.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(*For text of document, see Appendix "A", page 395*)

### CROWN CORPORATIONS

#### VIA RAIL—DISPOSAL OF ASSETS

**Senator de Cotret:** On November 13 there was a question from Senator Lamontagne, arising from an initial question from Senator Riley, with regard to VIA Rail, at which point I indicated that to the best of my knowledge there had been no active consideration of VIA Rail as a candidate for privatization. But I assured the house at that point that I would be in contact with my colleague, the President of the Treasury Board to verify the answers I had given on that occasion. I would just like to tell honourable senators that the answers I gave then were indeed confirmed by the President of the Treasury Board, and that VIA Rail is not being considered for privatization.

#### CANADA DEVELOPMENT CORPORATION—SALE OF SHARES

**Senator de Cotret:** Finally, I would like to give a brief answer to a question from Senator Olson which was also on the topic of privatization, but on this occasion with specific reference to the announced plans to decrease the federal ownership of the Canada Development Corporation from some 60 per cent of equity at the moment to something below 50 per cent. The specific question was as to why the government should move at this point towards making these shares available to the public.

As I indicated at the time the question was asked, it was the original intention of the prior government, when the CDC was set up, to have the CDC act as an investment funnel to enable Canadians, broadly distributed across the country, to participate in the development of Canadian corporations. The government was obviously providing the initial incentive for that type of development with the express hope and intent of making these shares available to Canadians when the time was appropriate.

In answer to the specific question as to the appropriateness of this particular time, I would like to say that it is a matter of the profitability of the CDC at the moment, together with its expected profit picture, which makes this crown corporation

now more than ever before an attractive investment instrument for many Canadians.

**Senator Olson:** I do not think the minister explained how long that document concerning the availability of shares in the CDC is—or did he, in fact, have a document to support what he just said?

**Senator de Cotret:** That was just a verbal answer to the question based on conversations I had with my colleague, the President of the Treasury Board.

● (1450)

#### &tuc2 THE ECONOMY

##### EXCHANGE VALUE OF CANADIAN DOLLAR

**Senator Everett:** Honourable senators, on October 10 I asked two questions of the Minister of State for Economic Development. I do not know if he has yet had an opportunity to compile the necessary information but if he has not I wonder if I could press him for a response to one question, the answer to which I understand will emanate directly from his department. I would also urge him to ask the Minister of Finance to answer the other question.

**Senator de Cotret:** I will certainly undertake to do that.

[*Translation*]

### BORROWING AUTHORITY BILL, 1979-80

#### SECOND READING

The Senate resumed from Wednesday, November 14, the debate on the motion for the second reading of Bill C-10, to provide supplementary borrowing authority for the fiscal year 1979-80.

**Senator Langlois:** Honourable senators, before dealing with Bill C-10 I would like to seize this first opportunity offered to me to congratulate His Honour the Speaker for his nomination to the high office he now holds in this house. His long parliamentary experience and his constant participation in our past debates are, in my opinion, an assurance that he will fulfil his new and important role with competence and distinction. Our best wishes of success accompany him.

Honourable senators, I would not want to let go unnoticed the double nomination of our distinguished colleague Senator Flynn to the position of Leader of the Government in the Senate and Minister of Justice and Attorney General of Canada. We already can rest assured that he will successfully carry out his heavy responsibilities. We wish him the good health he will need in the accomplishment of the hard work called for by his new duties which I would not hesitate to qualify as very highly demanding.

To another old friend of mine, Senator Asselin, I wish to say that I am very happy to take this opportunity to congratulate him on his appointment to cabinet as Minister of State for the Canadian International Development Agency. I wish him every success in his new position.

[*Senator de Cotret:*]



I have the pleasure as well to welcome most cordially our new colleague, Senator de Cotret, and to congratulate him on his elevation to cabinet as Minister of Industry, Trade and Commerce and Minister of State for Economic Development.

Lastly, to my honourable colleague and friend, Senator Roblin, I wish to extend most sincere congratulations and best wishes of success in his new duties as Deputy Leader of the Government, duties of which I think I know the complexities and demands. I also know he possesses the necessary qualities to assume his new responsibilities with brilliance and success.

As I recall the good words he had to say on my account when I announced some time ago my resignation as Deputy Leader of the Opposition, it is my pleasure to assure him that I will not deprive him of the shakes of the head, approving or disapproving, to which apparently he has become accustomed in the past.

Honourable senators, I had the opportunity to read the Commons debates on Bill C-10 which began with the introduction of the legislation on October 18 and were resumed and carried on on the 23, 25, 26 and 29 of the same month, and were concluded only on Monday, November 12, when the bill was passed on third reading.

However I will spare you a long review of those debates, which for a good part, I have to admit, was beyond the scope of the legislation under study. I will merely recall one comment made in the course of the debates, that the bill is seeking borrowing authority to meet public expenses even before the budget promised by the new government has been tabled in the House.

While that argument might seem valid at first sight, it is proper to bring out the fact that the expenses covered by that borrowing authority were for the most part covered by the budget and the estimates tabled before the dissolution of Parliament, last March, by the previous government.

However, the opposition, both in this house and in the other place, must not be denied the incontestable right to criticize the new government for its delay in disclosing at least the highlights of the economic policy it will offer the Canadian people. After five months in power, the new government seems to have forgotten already its numerous and attractive electoral promises. We barely hear about rumours of possible budgetary cuts, whose term is constantly deferred from week to week. Meanwhile the price and interest rate escalation is continuing and the economic situation of this country is deteriorating.

I hope the new government will soon get a handle on itself and most of all that it will recover its memory and remember the wonderful panaceas it was offering the Canadian electorate the day after the election.

In that regard, I express the wish that the government will follow the wise advice it was given in the Senate last night by Senator Everett in his outstanding address.

Honourable senators, in introducing Bill C-10, the Deputy Leader of the Government stressed, among other things, the fact that the bill before us limits the borrowing authority to \$7 billion while the authority requested by the previous govern-

ment, for the fiscal year 1979-80, amounted to \$10 billion, which request died on the order paper when Parliament was dissolved on March 26 last.

I note that on page 323 of the French version of our *Hansard* for November 14, Senator Roblin is reported to have referred to the dissolution of Parliament in "May" instead of in "March". Obviously, it was a "lapsus linguae" or an error in transcription. Needless to say, I prefer to think it was the latter.

The borrowing authority was reduced from \$10 to \$7 billion because the treasury benefited from the unused or residual previously granted borrowing authority.

It must be noted also that a similar situation will not recur in the case of this because the authority sought by the government will expire at the end of the fiscal year, that is on March 31, 1980, as a consequence of which the government will have to come back to Parliament to obtain whatever additional borrowing authority it may need past that date.

Finally, the authority requested under this bill is retroactive to November 1, 1979. Although retroactivity in a bill is not always desirable or acceptable, I must accept the justification of the government, namely that its new borrowing authority should become effective on and coincide with the date on which the last Canada Savings Bonds campaign was launched.

One last comment: I should like to stress the fact that this bill authorises the government to borrow Canadian or foreign funds.

Before resuming my seat, I should like to offer one last word of advice to the Deputy Leader of the Government. Perhaps we could skip the formality of referring this bill to a committee of the Senate before giving it third reading since this is now November 21, and also because the bill is retroactive to November 1.

● (1500)

[English]

**Senator Roblin:** Did my honourable friend say that he wished to ask a question when this bill goes to the Standing Senate Committee on National Finance, or did he say that it need not go to that committee?

**Senator Langlois:** I am suggesting that this bill should not be referred to the Standing Senate Committee on National Finance, or any other committee of this house, an account of the fact that we have now reached November 21, and also on account of the fact that this bill is retroactive to November 21.

**Senator Roblin:** We would be happy to accept the suggestion that after second reading it be placed on the Orders of the Day for third reading at our next sitting, if that is agreeable to honourable senators.

**The Hon. the Speaker:** Is that agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to and bill read second time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read a third time?

**Senator Roblin** moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

## BUSINESS OF THE SENATE

**Senator Roblin:** Honourable senators, we would normally be proceeding with the items as set out on the order paper. However, Senator Manning has told me that he would be much obliged if he had the opportunity to speak now to the inquiry standing in his name. Therefore, I would ask leave for Senator Manning to proceed with that inquiry at the present time. When he has completed his remarks and the matter has been dealt with in one way or another, we can then return to the order paper. I ask leave for this procedure to be adopted.

**The Hon. the Speaker:** As leave is not necessary in this case, honourable senators, is it agreed that Senator Manning now proceed?

**Hon. Senators:** Agreed.

## ENERGY

### PROPOSALS FOR A NATIONAL POLICY

**Senator Manning** rose pursuant to notice of Thursday, November 8, 1979:

That he will call the attention of the Senate to certain proposals for a national energy policy for Canada.

He said: Honourable senators, I want to thank the Deputy Leader of the Government and all honourable senators for according me the opportunity to proceed this afternoon with the subject matter of this inquiry. I would be very reticent about varying the order of business of the house, except to discuss an issue that is undisputably of national importance and concern. I believe you will agree that the question of a national energy policy for Canada falls into that category.

A short time ago the Prime Minister convened a one-day special conference of first ministers to address this problem and seek for mutually acceptable solutions. While it was not possible to obtain consensus on some important aspects, there was a significant degree of unanimity on at least two important points: first, that the lack of a realistic national energy policy exposes Canada to serious energy problems, with grave economic consequences in the years ahead, and, secondly, that Canada cannot afford to delay any longer the action required to achieve energy self-sufficiency at the earliest possible date.

It is almost inconceivable that, six years after the industrialized nations of the western world received clear warning that the days of plentiful and cheap mid-east oil were ending, neither the United States nor Canada have taken any significant steps towards domestic energy self-sufficiency. In the United States, the President's proposals for a national energy policy have been hopelessly bogged down in controversy between the executive and legislative arms of the government and disagreement as to what the country's energy policy should be. Recent polls show that 54 per cent of citizens do not

believe there is any real energy problem. they hold the view that the present situation is an artificial shortage engineered by multinational oil companies for the purpose of increasing prices.

The situation in Canada is not very different. Many Canadians still do not believe there is a real energy problem—at least, they do not believe it enough to make any significant changes in their lifestyle for the purpose of conserving energy. Despite an undertaking by the Prime Minister at the June conference in Tokyo that Canada would endeavour to reduce its annual average growth in oil consumption to 1 per cent, the increase in demand for oil products in the first nine months of this year was 3.4 per cent higher than in the same period last year, while gasoline consumption was 4.3 per cent higher.

The cold, hard fact is that what has been done to date falls far short of what is necessary if Canada is to have any hope of reaching its declared goal of domestic energy self-sufficiency by the year 1990. This conclusion was well expressed by Premier Peckford of Newfoundland in his opening statement to the recent Conference of First Ministers at Ottawa, when he said:

I find it unbelievable that six years after the energy crisis began, a country such as Canada has hardly commenced a program to ensure self-sufficiency. Viable projects which were ready to start in 1974, such as the hydro projects on the Lower Churchill River, are still waiting to start. Our energy pricing policy has resulted in a pricing structure which is more out of balance with the rest of the world now than it was six years ago, and we have allowed this issue to overshadow the solutions which have always been at hand.

This inexcusable delay in developing and implementing an effective national energy policy certainly has not been due to lack of evidence that the need is both real and serious. I hope all honourable senators have read carefully the Energy, Mines and Resources publication issued recently entitled "Background to a New Energy Strategy." It contains some significant statistics.

● (1510)

On page 13 there is a table which shows that during the years 1974 to 1978 additions to Canada's recoverable oil reserves amounted to only 521 million barrels. During the same period, domestic oil consumption amounted to 3.151 billion barrels, which means that our reserves declined during that period by 2.630 billion barrels. Production, which amounted to 1.430 million barrels a day in 1978, is projected to decrease to 1.289 million barrels a day by 1985, by which time Canada's imports of foreign crude are expected to be in excess of 600,000 barrels a day, as compared with about 270,000 barrels a day at the present time.

The price of imported foreign crude is now \$22.70 a barrel. By 1985, it is predicted to rise to \$42.40 a barrel, which means that by 1985—and that is only five years from now—Canada's annual bill for imported foreign crude will be over \$9.280 billion.

[The Hon. the Speaker.]



This year Canada will have a trade deficit on oil imports of \$1.7 billion, but this will be more than offset by exports of oil, natural gas and uranium. But by 1990, ten years from now, our annual net trade deficit in energy imports will be an estimated \$9.3 billion—and that is assuming that foreign oil imports will still be available at that time. There is surely some question about this in the light of the instability of the Middle East at the present time.

On page 13 of this background paper, honourable senators will find this further disturbing observation:

Assuming no further rise in OPEC prices, gross imports as currently projected for the second half of 1979 would, over the course of a full year, cost Canada about \$4.2 billion, which is equal to 80 per cent of Canada's 1978 current accounts deficit on its balance of payments. This would mean that Canada as a country would be making annual payments to foreign oil producers amounting to over \$700 for every Canadian family of four.

Bear in mind that all of these are payments going out of the country to producers in foreign nations. It is almost impossible to estimate the adverse economic impact of the staggering future balance of payments deficits.

For all of these reasons, and many more that might be cited, we simply cannot continue to ignore the energy-related problems we will face unless we act without further delay to put into place a realistic national energy policy. It is imperative that the Canadian people and their governments recognize and acknowledge the reality and the seriousness of our energy position, and it is equally important that they make a firm commitment now to accept and to do whatever is necessary to attain domestic energy self-sufficiency at the earliest possible date. To that end, we must address ourselves to at least four things: a national energy policy must accomplish if it is to be successful.

In the first place, it must ensure an effective program of energy conservation. In the light of the energy problems we are facing, the current waste of energy in this country is little short of criminal. In fairness, it should be said that in the industrial community a significant number of effective energy conservation programs have been put in place during the last two or three years. However, apart from a few limited programs, such as the home insulation program, the majority of citizens are doing little, if anything, to cut down on energy consumption. There is a potential for significant reductions in energy use in every home, every office, and every place of business, and, above all, in the area of transportation. Many families could perhaps struggle along with two cars instead of three, and some might even be able to get by with one car instead of two. A national highway speed limit of 50 miles an hour would save millions of gallons of gasoline every year, to say nothing of a great many lives. Smaller, lighter, more energy-efficient cars would save millions of gallons of fuel annually. The automobile industry has been slow in coming to grips with this necessity, but one of the reasons is that there has been no significant public demand for such vehicles. I say with regret that in my own province statistics show that sales

of large gas-guzzling automobiles increased in some centres by 14 per cent this year over last year.

One of our most inefficient and wasteful uses of energy is in the area of movement of people to and from work in our urban centres. In all large cities, thousands of cars carry one person to work every morning and home every night. The average distance travelled is a round trip of probably 10 or 15 miles of urban driving, which means the use of at least a gallon of gasoline per trip. In even moderately-sized cities, some 20,000 cars are used every day for this purpose.

And what does this represent? It represents a capital investment of around \$5 million in the cars, the utilization of about 4 million horsepower consuming 20,000 gallons of gasoline each day at a cost of approximately \$20,000 for fuel alone. Surely, there are more cost-effective and energy-efficient ways of transporting people to and from their work than what we use at the present time.

● (1520)

Raising fuel prices is not, to my mind, an effective or equitable way to impose conservation. It will have only a limited effect. It is unacceptable to most people that a large bank account should give one citizen a licence to waste energy, while excessive energy prices work a severe hardship on those in lower income brackets. Perhaps we are coming close to the time when government will have to give consideration to energy allocations, at least in some categories of uses, if we are going to come to grips with this problem.

The point I want to stress is that it is absolutely essential that we address ourselves to the problem of effective and equitable energy conservation without further delay.

In the second place, a national energy policy must stimulate and facilitate the development of known and new sources of energy. The federal and provincial governments have already moved to provide necessary tax and depletion allowance incentives for oil and gas exploration and development, and, on the whole, these have proven adequate. One area in which there is need for much more to be done is the further improvement of technology. Many people do not realize that the present recovery from conventional oil fields is only about 30 to 40 per cent of the oil in place. In other words, for every 100 barrels we take out, we leave 250 to 300 barrels in the ground. If we can increase the recovery rate to 50 or 60 per cent, this alone would go a long way towards making this country self-sufficient as far as oil is concerned.

In regard to this matter of improving technology, it is important that there be close industry and government co-operation. It is so easy for governments to move into a field of this kind, only to find later that they have spent millions of dollars of public money simply duplicating the technological research already being carried by the industry itself. What we need is a proper partnership between the private and public sectors to ensure that technological advances are achieved without unnecessary duplication and waste of money.

We also need a national program to encourage development on the new and more remote frontiers, and these are primarily

three in number—offshore development, Arctic development and the development of the oil sands. All of these are extremely costly sources of energy. In offshore and Arctic drilling it is not uncommon for a single well to cost from \$5 million to \$10 million, or even more. In the development of oil sands, a plant producing 140,000 barrels of oil a day now costs at least \$5 billion. This points up the lack of realism on the part of those who say, "Let us solve Canada's energy problems by bringing a couple of tar sand plants on stream every year or so until we have enough." The lead time from the day when an oil sand plant is approved until it comes on stream is at least five years. Let us not underestimate the magnitude of the problem.

Hydro and thermo-generation of electric energy and the development of our vast coal resources are other areas where Canada should go all out. But we must remember when we talk about developing new energy sources, whether it be hydro, oil, gas, coal, offshore or in the Arctic, that this development can continue only if these new sources of supply are tied into markets by the construction of adequate transportation systems. Unless that is done, development simply cannot continue. You cannot expect companies to go into Arctic or offshore activities and put down half a dozen wells at \$10 million a well unless there are facilities to link that production into a national marketing system. It is simply too much capital to tie up without being able to market the production.

In this regard it is ironic that the Alaska Highway gas pipeline is still not under construction. It should have been under construction three years ago. The Dempster connection to feed Canadian gas into the line is no nearer commencement now than it was two years ago. In fact the negative recommendations of the Berger Commission have undoubtedly set northern development back ten years and have created almost insurmountable future problems by building up unrealistic expectations among native people with respect to land claims, native rights and so on.

We need an all-out national program to develop new sources of energy supply—solar, tidal, geothermal, anything that is at all possible and economically viable. It is important, however, that we avoid unrealistic optimism. While there is potential in all these fields, they do not represent any immediate hope of national energy self-sufficiency, but we should address them because energy supply will be a continuing problem and will be as important 10 or 20 years from now as it is today.

One of the regrettable circumstances of our times is the amount of uninformed and sometimes almost hysterical opposition to the orderly development of nuclear energy. Instead of blindly opposing such development, we should be addressing ourselves to the improvement of nuclear technology to remove any actual safety hazards that do exist. I submit that it would be an intelligent decision for Canada to move as rapidly as possible to become the industrialized world's major producer of electric energy through the wise use of nuclear science. We have some of the world's leaders in nuclear technology. We have adequate supplies of uranium. We have not been very successful in selling Canadian reactors to other countries, and I for one would much prefer that we did not try.

[Senator Manning.]

● (1530)

There is an ever-present danger in putting nuclear reactors into the hands of politically unstable nations, no matter how many safeguards are put in place. Surely it would be preferable to keep our nuclear technology, our uranium and our Candu reactors in our own country under our own control.

We live next door to the world's greatest industrial nation, which has insatiable energy requirements and which also happens to be our major trading partner. We could export all the surplus electric energy we could produce with nuclear power, which would assist significantly in resolving our serious balance of payments problem. What is more, Canada is a nation with vast territory and a small population, and that in itself enables us to locate nuclear power plants away from populated areas—which only makes good sense. I suggest that this is deserving of serious and objective consideration by the governments and people of this country.

In the third place, our national energy policy must resolve the controversial issue of domestic oil pricing. It is understandable that the interests of producing and consuming provinces will be extremely difficult to reconcile. The task is not made easier by reason of the overlapping responsibilities of the two levels of government in our federal system. The best premise from which to work towards an amicable arrangement is the mutual interest of all Canadians in attaining domestic energy self-sufficiency.

In the current energy pricing debate some rather uncomplicated things have been said about the Province of Alberta. While I cannot speak for the Government of Alberta, I do know the history of oil development and marketing in Alberta, and I think I know the feeling and attitude of its people. May I briefly sketch in the background of the present set of circumstances?

At the time of the second world war oil was the biggest single import for which Canada had to find United States dollars. While the first major crude oil wells in Alberta came in in 1939, the Leduc oil field was not discovered until 1947 and the Redwater field until 1948. With the development of those two major fields, production became adequate for the supply of Alberta, western British Columbia and Saskatchewan. A little later a pipeline was built to Sarnia in western Ontario. Shortly thereafter production again exceeded the available market.

We were faced at that time in the Government of Alberta with a serious marketing problem. Small Canadian companies engaged only in production found themselves in a very difficult position. The integrated companies which had their own refineries and marketing systems could produce enough oil from their own wells to supply their own needs without buying oil from companies which were only producers. That led to the government's having to prorate production to market to enable all producers, whether integrated companies or not, to share in the markets available.

The government was anxious at that same time to make at least a start in the commercial development of the oil sands in



order that technology might be perfected for larger development at a later date. This created concern on the part of the conventional industry, because a plant to process oil from the sands would have to have a constant throughput to be viable, and the only way its oil could be marketed would be to take some of the market away from the conventional industry. We got round that problem, at least temporarily, by assuring the industry that we would limit the market assigned to oil sands production to not over 5 per cent of the existing market.

Then began a period when there was an intense struggle to increase markets for western Canadian crude. Oil wells in Alberta at one time were producing at less than 50 per cent of capacity for the simple reason that adequate markets were not available.

The United States at that time had a quota on oil imported into the country. While they could get all the offshore oil they needed for the Atlantic Seaboard region at rates cheaper than those at which they could provide their own oil, they felt it was vital to build up a strong domestic oil industry. The quotas imposed on the amount of foreign oil that could be brought in applied to Canadian oil as well.

I well recall that, when representations were made to the American authorities hoping to persuade them to take a larger volume of Canadian oil, their reply was, "Why should we? Your own people in eastern Canada are not using your domestic oil because they can get foreign oil cheaper there than they can move your oil to the east. Why should we cut back our oil production to take more of yours when your own people are not willing to open up markets for your oil in eastern Canada?"

Strong pressure continued on the Government of Alberta and on the federal government, by oil producers, to get more Alberta oil into Ontario and into the Montreal market area. Some honourable senators may recall—this is now 20 years ago—that in 1959 the Borden Commission was established to map on overall energy policy for Canada and to examine into the feasibility of extending the interprovincial pipeline from Sarnia to Montreal.

Ontario and Quebec argued that western oil would increase the cost of their gasoline possibly by two cents a gallon. It was unofficially suggested to the Government of Alberta that we should consider cutting our provincial oil royalties to enable our oil to go to the Montreal market without increasing the cost of gasoline to the people of Quebec. In other words, we could absorb the increased shipping costs at our end of the line. I need hardly tell you that that suggestion did not get very far.

At that same time, the Province of Quebec said no to any extension of the oil line to Montreal because of concern over higher gasoline prices. The Province of Ontario agreed to a compromise proposed by the federal government following the Borden Commission report. The proposal was to extend the use of western domestic oil as far as the Ottawa River Valley. From there on east the country would continue to use gasoline and oil products processed from foreign imports.

● (1540)

The reason why the Ottawa River Valley was chosen was geographic. It was approximately the point in Canada where the cost of Alberta oil coming east equated the cost of offshore oil coming in from eastern Canada. So it did not upset the pricing structure to any significant degree.

In the year 1959 the OPEC oil producing nations cartel was formed. It has been around for 20 years. It did not test its power to raise world prices until 1971, when its member nations effected modest price increases amounting in the aggregate to about \$730 million that year. Then, in 1973, the Arab-Israeli War erupted. The Arab combatants appealed to OPEC's Asian members to cut off oil supplies to western nations supplying aid to Israel. That marked the beginning of what we might call political oil price-fixing.

In 1973 OPEC was supplying 27 million barrels of oil per day to the rest of the world. That figure is 14 times more than the total daily consumption of oil in Canada. The little nation of Kuwait alone, smaller than Prince Edward Island, has 20 per cent of the world's conventional oil supply. Honourable senators will recall that that was the time when the Arab nations imposed a six-month embargo on oil shipments to Western nations.

From October 1973 until June 1974, world oil prices increased from \$2.75 a barrel to \$11.75 a barrel, an increase of approximately 300 per cent. Immediately the question was raised, what was going to happen to the price of domestic crude oil sold in Canada?

Traditionally, products arising from the production of Canadian resources sold domestically at international prices or higher. Traditionally, industrialized central Canada supplied a wide variety of manufactured goods to Canadian markets at prices equal to and often higher than the price of comparable products in the international market—this is particularly true when comparing prices between the United States and Canada. Many imported lower-priced U.S. products were subject to tariffs resulting in a price to Canadians equal to or higher than the price of similar products produced domestically on the grounds that it is in the national interest to develop a healthy industrial base in Canada.

This created some bewilderment in the minds of some Canadians—certainly some of our people in western Canada. People in southern Alberta would drive down to Butte or Billings, Montana, would see in the stores electrical appliances, televisions and radios, and all the other stuff, selling at prices significantly lower than those at which comparable products could be bought in Lethbridge, a couple of hundred miles to the north, and would wonder why they could not buy those products at the same low prices. They were told that the higher prices in Canada were necessary in the national interest, in order to develop local Canadian industry, and that the extra cost was the contribution made by Canadians to the national interest. So the family would return home, swallow hard, sing "O Canada" and shell out the higher prices, in order to help the national interest.

But with the rapid rise in international oil prices, a new philosophy was heard in the land. Western oil producers were told that it was now in the national interest for them to sell their domestic production to refiners in central Canada at substantially less than the international price—a total reversal of what they had lived with for so many years. Western producers, and the people and Governments of Alberta and Saskatchewan, wondered why that philosophy applied only to western oil.

When the people of Alberta buy lumber, which comes in from British Columbia, the price they pay is what that lumber will bring in the markets of the western United States, where a great deal of it is exported. If we buy B.C. salmon, we pay the price that the canneries can get on the international market. If a Canadian comes into Ontario to buy gold, some of which is produced there, he is not quoted a special discount price because he is a Canadian and the gold is mined in Canada. The price he is quoted is the price in Tokyo, London or Zurich, the international bullion market that sets the price of gold. The same is true of Ontario nickel, Quebec iron, and so on. They are all sold at the international price. Western oil is the only commodity that should be treated differently.

In 1973 and 1974 the Canadian government froze the price of oil within Canada and imposed an export tax on oil exported to the United States. It is worth noting, in passing, that such a tax had never before been imposed on Canadian natural resource products; it had never been imposed on B.C. lumber or salmon, on Ontario gold or nickel, or Quebec iron and pulp. Why? At that point Ottawa was collecting twice as much revenue as Alberta on every barrel of Alberta oil exported, and that brought a series of confrontations between Ottawa and the producing provinces, with the industry caught in the crossfire.

At about the same time, Quebec, which had rejected Alberta oil in 1959-60 in favour of offshore foreign oil, pressured to have the interprovincial oil pipeline extended from Sarnia to Montreal, but with two stipulations: First, they did not want to pay the \$200 million it would cost to build the line, and, secondly, they wanted the right to revert to offshore foreign oil if OPEC prices fell in the future.

Honourable senators will recall that at that time there was some speculation that OPEC might disintegrate and that individual member nations might start selling oil to Western industrial nations at below the OPEC price. What actually happened, of course, was exactly the reverse. Increasingly members of OPEC started selling their oil at premium prices above the agreed OPEC price. However, in 1976 the line was built, with all users and the Canadian government footing the bill.

A federal-provincial energy conference was called in 1976, and an agreement was reached that there should be one single price of \$6.50 per barrel for all Canadian domestic oil, increasing at the rate of \$1 per year toward the world price level. The federal government agreed to take no part of the \$6.50 price.

[Senator Manning.]

At that time Alberta increased its provincial royalty on the new price increase from 22 per cent to 65 per cent. The Province of Saskatchewan imposed royalties that were even higher. As a result, the federal government refused any longer to permit the oil companies to deduct provincial royalties as an operating cost before taxes.

Those actions had a devastating impact on exploration and development. Seismic and drilling rigs by the dozen headed south to the United States.

● (1550)

By 1975 both levels of government were forced to make major concessions in taxation, depletion allowances and royalties to reverse the decline in exploration and development. The result was an upsurge that has continued ever since, and has reached an all-time high.

Meanwhile, the world oil price continued to increase. The cost of imported oil has jumped from \$16.50 per barrel a year ago to \$25.70 today, with spot sales bringing well over \$30 a barrel. The Canadian domestic price is \$15.63 a barrel, or more than \$10 under the present prevailing world price.

By selling to central Canada at the domestic price instead of on the world market, Alberta alone has foregone over \$15 billion in revenue, or nearly three times as much as the province has taken into its Heritage Trust Fund to offset the sale of an irreplaceable natural resource. Let no one accuse Albertans of putting their own interests ahead of the interests of Canada. This \$15 billion subsidy, paid by one province, as the Province of Alberta has pointed out, is unprecedented in Canadian history. It has created a wholly artificial situation in Canada with respect to actual energy costs, and simply cannot continue. At the recent conference the federal and every provincial government, with one exception, acknowledged this fact, and agreed that domestic oil prices must move to a level much closer to parity with international prices.

Remember that we are no longer talking about oil prices fixed by the political whims of the members of OPEC. We are talking now about prices set by world oil supply and demand, and related to the costs of replacing the oil that is sold. Neither Britain nor Mexico is a member of OPEC, but both countries are selling oil today at prices often higher than the OPEC prices.

My own conviction is that our domestic price should be tied to the Chicago composite price, which more accurately reflects the cost of oil in North America than does the world market price. I think it would be desirable for Canada to consider raising its domestic oil price immediately to, say 15 per cent under the Chicago composite price, which would be about \$20.15 a barrel, or an increase of \$4.50 over the present price. Perhaps by mid-1980 the price should be adjusted to 10 per cent under the then Chicago composite price, and beginning with, say, January of 1981, should fluctuate with the Chicago price, less 10 per cent.

I believe the 10 per cent discount to the domestic market can be justified from the standpoint of helping to make Canadian products more competitive in international markets,



which is advantageous to all regions of Canada, and from the standpoint of helping ease the staggering balance of payments deficits that threaten our economic future. From the standpoint of the producing provinces, a 10 per cent discount under the Chicago market would be much less onerous than the excessive domestic subsidy these provinces are now absorbing.

All these percentages, of course, must be matters of negotiation between the federal government and the producing provinces, but the principle is the important thing. Let us tie our domestic price to the Chicago composite price and move up to that level by stages, by adjusting the percentage of discount over the next couple of years, and, from there on, let the price fluctuate with the Chicago composite price, with a continuing discount of perhaps 10 per cent for domestic oil consumed in this country.

While resolving the problem of domestic price it is also necessary to resolve the problem of revenue sharing between the producing companies and the two levels of government. Few would dispute the validity of the claims of the producing provinces that they are entitled to an adequate royalty from the sale of their mineral resources. Such a royalty is not a matter of taxation; it is a matter of equitable compensation to the owners who are selling to development companies an irreplaceable natural resource. The royalty issue is a separate matter altogether from taxation. What the producing provinces are doing is giving up, permanently, an irreplaceable resource, and through royalties getting some measure of financial compensation in return for a capital asset. This is why, until recent years, such royalties were recognized as a legitimate cost of doing business, and were deductible from the producing companies' taxable income. This is why the Government of Alberta argues—and I believe rightly—that any federal tax on oil company revenues should be based on the actual profits of the producing companies, and not on a percentage of the market price.

Much of the often irrational debate about so-called windfall profits misses entirely what should be the main point of government and public concern. If the goal is energy self-sufficiency, the concern must be to make certain that the maximum amount of increased cash flow generated by higher prices does not go into government coffers or company dividends, but back into the production of additional energy supplies.

The estimates of capital required to attain self-sufficiency range from a minimum of \$100 billion to \$300 billion over the next 10 years. There are only three sources from which these staggering amounts of capital can be obtained. First, there is the sale of equity stock, but that certainly has limits, and you cannot sell equity stock unless you pay dividends, so there is a debt service charge attached to capital if you acquire it by the sale of equity.

A second source of capital is debt financing, through bank loans or the issuing of bonds and debentures. That means, at today's rates, you will have to pay 12 per cent or more for your money, which adds a staggering debt service charge to the cost of the capital.

The third source from which development capital can be obtained is the cash flow generated by the selling price. In this case there is no debt service charge, dividends or interest to pay. From the standpoint of the consuming public, the generation of capital through prices is the cheapest way such capital can be received. What we have to address ourselves to, therefore, is making certain that the increased cash flow generated by higher prices is used for the purpose of developing new energy supplies.

I need hardly say that there are many wild misconceptions regarding the excess profits of oil companies. What many people do not realize is that for a company engaged in producing a continuous supply of energy the real profits are not the difference between the selling price and the cost of the oil being marketed, but between the selling price and the cost of replacing the oil that is being sold.

● (1600)

Let me give an oversimplified illustration. If an oil company had a volume of oil that cost \$10 a barrel to produce, and sold that oil for \$18 a barrel, the socialist mind would immediately say that is an 80 per cent profit and scream for the company's expropriation. However, if you keep in mind that the replacement cost of that \$10 barrel of oil is now \$20—and I assure you that \$20 a barrel is cheap if you are talking about replacing it with oil from tar sands, the Arctic, or offshore development—then what has happened takes on a different complexion. The company sold the barrel of oil that cost it \$10; it received \$18 for it, but it now has to pay out \$20 to replace the barrel of oil it sold. Then someone starts shouting, "We have really got to do something about these terrible excess profits the oil companies are making."

The matter on which governments must concentrate is not how much additional tax revenue they can gain for the public treasury through higher prices, but what steps are necessary to ensure that the revenue to producing companies generated by higher domestic prices goes into development of new sources of energy supplies. Honourable senators will agree that it is well within the legislative competence of the federal government of this country to do this, and to do it effectively. What is more, they can and should do it without the government itself going into the oil business. That is probably the most inefficient and undesirable way of attempting to attain the desired goal of energy self-sufficiency.

In closing, let me touch on a fourth goal that a national energy policy must accomplish. It must include steps to remove man-made obstacles that presently stand in the way of unimpeded development of present and new sources of energy. Two examples will suffice to illustrate this need.

The first is the unrealistic environmental restraints that developers are confronted with today. All responsible people recognize the need for and importance of adequately protecting the environment. Unfortunately, the cause of intelligent

environmental protection today is more often prejudiced than fostered by irresponsible, emotional opposition to almost any and all major projects necessary to avert the future energy crisis. It has become almost impossible to open a coal mine, drill an offshore oil or gas well, build a pipeline, a power line, a hydro line, a geothermal plant or a nuclear power plant without encountering vehement, even violent, obstruction by environmental groups for whom such obstruction has become a cause rather than an intelligent expression of legitimate concern.

In the past five years, a significant number of projects necessary to meet future and even present national energy needs have been dropped or proceeded with at a far higher cost only after long and costly delays because of the lack of intelligent balance between demonstrable public need and legitimate environmental concerns.

The second obstacle is excessive and cumbersome government regulation. I have had the opportunity, in the past few years, to be associated with several studies in this field, and the findings have been enlightening and disturbing. In the area of rate regulation alone, gas and electric utility companies in this country are subject to the provisions of some 40 different statutes of the federal government, the provinces, and the Yukon and Northwest Territories. There is a host of complicated federal and provincial statutes and regulations governing almost every facet of energy resource development; and a multiplicity of regulatory boards, tribunals and departmental bureaucrats from whom approvals and authorizations must be obtained before projects can be initiated, the nature and scope of their operation defined and rates of return established.

Required public hearings are frequently long and costly. The current practice of permitting almost any special interest group to appear as intervenor slows the regulatory process and further aggravates the situation. In addition to the exorbitant cost—all of which is ultimately reflected in prices—senior technical personnel, the applicants, the intervenors and the members of the tribunal itself are required to devote their time and expertise to long drawn-out proceedings rather than to facilitating the development and implementation of production and transportation facilities necessary to the well-being of the nation. The long delays occasioned by lengthy public hearings and waiting for departmental rulings are particularly serious in a period of inflation, when every month's delay adds significantly to the ultimate cost of the project if and when it is approved.

Honourable senators are aware that when the Alaska pipeline project was first proposed the price tag was put at \$8.5 billion. Today it is up to \$15 billion. If construction is delayed another couple of years, we are probably talking about \$17 or \$18 billion.

The Syncrude tar sands plant has been completed in Alberta at a cost of around \$4 billion. The president of that company, addressing a seminar in Edmonton recently, pointed out that to complete that one project the company was required to obtain over 250 different permits and authorizations. Think of the time consumed; think of the man-hours of work, and

remember that every month's delay means a further increase in the ultimate cost in a period of high inflation.

Some honourable senators may have followed the interesting case in the United States just over a year ago concerning the oil from the north slope of Alaska that is now being moved across Alaska and taken by tanker down the west coast to Los Angeles and San Francisco. The Standard Oil Company of Ohio proposed a project to build an oil pipeline from the Pacific coast to refineries in the mid-western states to enable the crude to be refined inland where the finished products are needed. The company spent over three years trying to obtain the necessary authorization to build the line that just about everybody seemed to agree was necessary. In a speech about a year ago, the company's president stated the company would be required to obtain over 500 permits, authorizations and approvals to build the line, to say nothing of fighting injunctions and other forms of man-made obstructions. The company spent over \$50 million and three years of time by key personnel trying to get the authorizations. Finally, they decided they could not spend any more and threw in the towel.

● (1610)

Honourable senators, this kind of thing is going on all the time today. No one will dispute the necessity of appropriate legislation for such a measure of regulation as is demonstrably needed to protect the public interest, but it should be kept to the absolute minimum, consistent with providing the necessary public safeguards. Few familiar with the current situation would deny that there is an obvious need to reduce, clarify and simplify both federal and provincial statutes and regulations pertaining to energy resource development, and there is an equal need to streamline and modernize procedures governing public hearings before regulatory bodies.

Honourable senators, I must not detain you longer. I have tried to outline the seriousness to Canada of this energy problem as it exists today, and the absolute necessity in the public interest for governments and people to act now to put in place a meaningful national energy policy, if we are to have any hope of becoming energy self-sufficient in the years that lie ahead.

**Senator Goldenberg:** Will Senator Manning permit a question?

**Senator Manning:** Certainly.

**Senator Goldenberg:** I understood Senator Manning to say on the question of revenue-sharing that he is in agreement with the attitude of the Government of Alberta that the proposed federal self-sufficiency tax should be imposed on profits and not on revenue. If that were to happen, what is there to prevent multinationals from diverting profits to non-resident subsidiaries which are not subject to Canadian income tax through inter-company arrangements? I am sure Senator Manning is aware of the Imperial Oil case in Nova Scotia, which was widely publicized.

**Senator Manning:** That is a very pertinent question. There are real problems in ensuring that the increased cash flow from higher prices goes to the purpose of finding new energy



and is not siphoned off through subsidiaries or by other means. I would not want to suggest that it is a problem with any simple solution, but it is within the competence of the Government of Canada to ascertain the amount of revenue collected by any oil company doing business in this country and the amount of that revenue that in turn has been reinvested in oil development in this country. If the amount being reinvested is much less than the revenue they are collecting then it would be a clear indication that something is being siphoned off. At that stage, the government should step in and say that as a condition of doing business in this country that kind of thing cannot go on. I know ways will be found to get around such requirements. Good lawyers can find their way around any legislation, but the government has the power to do what is necessary.

**Senator Goldenberg:** I don't act for any oil company.

**Senator Muir:** Honourable senators, may I pose a question to Senator Manning?

**Senator Manning:** Certainly.

**Senator Muir:** We have heard a masterful, learned, interesting and, to my mind, intelligent dissertation from Senator Manning, whether or not we agree with all he has said. He has dwelt on many subjects pertaining to energy. One commodity that I was waiting patiently for him to discuss is coal. He touched on it very briefly, and I was wondering if Senator Manning could, in a few words, tell us what, in his opinion, is the future of coal, both in Alberta and on the east coast, where he knows we also have billions of tons of coal available.

**Senator Manning:** Honourable senators, I did not really say anything about coal. In fact, there are a lot more things I would have liked to have said something about, but it would not have been fair to the house to go into all of these areas.

In my view, any major source of energy in this country is going to be required in the years to come to meet the national need. There is a tremendous future for coal in the maritimes as well as in the west. Coal has some disadvantages. It is not as clean a fuel as some others, and its movement is more difficult. But all these various types of fuel will find their place in relation to each other as prices go up. In other words, if it becomes much more economic to use coal than oil, then you are going to use coal. In earlier years, all over this country, we used to burn thousands of tons of coal in locomotives. Then it became more economical to make them oil burning, so coal lost out to oil. We may well see the day when that is reversed. I would certainly anticipate coal playing a very prominent part in the energy picture of Canada in the future, and I think that any area that has coal is very fortunate.

**Senator Bosa:** Honourable senators, I should like to ask a brief question. In his speech, Senator Manning made a comparison which I thought was rather unusual. He used, as an example, gold which the province of Ontario appears to be producing in greater quantities than any other region in Canada, pointing out that Ontario charges the international price for that commodity. Senator Manning used that argument to justify Alberta's objective of increasing the price of oil to near world prices. Gold is a luxury and does not have the

dramatic impact on inflation and the cost of living in Canada as oil does. Does the honourable senator think that that comparison is valid?

**Senator Manning:** Certainly the impact that adjustments in the price of energy have is far greater than at least the immediate impacts of higher domestic prices in other fields. I am not sure of—and I frankly don't think anybody could accurately establish—the financial impact on consumers by reason of the fact that for a hundred years they have been paying higher domestic prices for many commodities in order to protect industry in central Canada. Perhaps it was a necessity, and I think most of us would agree that to some extent it was. However, the adverse financial impact on the Canadian people has been spread over a long period of time.

When it comes to energy, the difference is that here we have had an increase of 300 per cent in two years, and the impact, of course, is very significant. That is why I favour—and, if I understand their position correctly, the Government of Alberta favours—a transition period, so that we do not jump immediately from a price, which is now only about 50 per cent of the world price. Spreading the adjustment over a period of time will permit the economic adjustment to take place without the serious dislocation that otherwise would occur.

**Senator Thompson:** I wonder if I could ask Senator Manning a question. I was interested to note that Senator Manning suggested, as I understood him, that the differential between the Chicago price and the price for home consumption would be 10 per cent. Did he decide on 10 per cent because of comparisons with other oil-producing countries and what they charge the internal market, or was there some other basis for his saying 10 per cent?

• (1620)

**Senator Manning:** Honourable senators, the figure of 10 per cent was pulled out of the air. That is why I said I was using these percentages more as illustrative figures rather than firm figures. These are matters which would have to be negotiated between the Government of Canada and the producing provinces. Whether it is 10 per cent, 15 per cent, or 5 per cent, is properly a matter for negotiation.

The vital point I tried to make was that we need to tie the domestic price in Canada to the composite price in Chicago, and then decide how much of a discount is desirable to provide for this transition period leading up to the higher price and how much, if any, permanent discount should be provided in order to help make Canadian goods more competitive abroad.

**Senator Goldenberg:** Is it not a fact, Senator Manning, that Venezuela and Mexico charge a considerably lower price for oil consumed domestically than they do for the oil they export?

**Senator Manning:** Yes, that is the case. I think they are making the same mistake as we have been making, and sooner or later they will have to correct it.

**Senator Thompson:** I realize you were not intending to go into the administrative complexities, but I wonder if I might put a question to you in relation to the impact of higher prices

on the agricultural sector. Even at a discount of 10 per cent of the Chicago price, the agricultural producers are going to be faced with a tremendous increase in costs, and they will have to pass those increases through to the consumer, thereby creating more inflation. Would you care to comment on that?

**Senator Manning:** I am not quite sure I understood the question. Perhaps you could repeat it.

**Senator Thompson:** I am suggesting that, even with a 10 per cent differential from the Chicago price, tremendous cost increases will arise, and I am thinking particularly of the agricultural sector. I realize you did not want to elaborate at great length, but there is this concern, especially as it relates to the agricultural sector. Would you propose that there be a further differential for the agricultural producers?

**Senator Manning:** Honourable senators, I do not doubt for a moment that a number of sectors of the Canadian economy will pressure very strongly for additional discounts, and it would then be up to the government to decide whether or not such discounts are reasonable. The question of further discounts is one that should be kept separate from the overall picture of establishing and maintaining a tie between the Chicago price and the base price in this country. If in the wisdom of the government it is felt there should be a further discount for the agricultural sector, such a discount could be implemented. Decisions in that regard can only be made after a thorough examination of the reasons advanced for such a discount.

On motion of Senator Olson, debate adjourned.

## REGULATIONS AND OTHER STATUTORY INSTRUMENTS

### SECOND REPORT OF STANDING JOINT COMMITTEE ADOPTED

Leave having been given to revert to Orders of the Day:

The Senate proceeded to consideration of the second report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments, which was presented yesterday.

**Senator Godfrey** moved that the report be adopted.

He said: Honourable senators, the Second Report of the Standing Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments comes in two parts. The first part requests approval of the criteria which the committee has used since its inception. This approval is sought and received at the start of every session.

The second part of the report deals with the question of giving the committee the power to make a comprehensive study of the means by which Parliament can better oversee the governmental regulatory process—and in this respect the latter part of Senator Manning's speech could not have been more timely.

The committee was given this power last year by both the Senate and the House of Commons and had actually started the process of looking into the regulatory process. We were in

Washington for that purpose when the election was called, and nothing has been done since.

It is not the purpose of the committee to engage a large staff. We all know that the Economic Council has engaged a large staff, and is looking into the regulatory process at this particular moment and will be bringing out its first report within a week or two. We have learned enough because of our previous work to realize that we can make some very practical suggestions to improve the regulatory process in Canada.

One of the problems with the present powers of the committee is that we can only see the regulations after they are passed. We feel it would help if those clauses of bills coming before Parliament containing the enabling power to pass regulations were referred to the committee at the time the bills are referred to the appropriate committee for consideration as a whole. Our committee could at that point look into the enabling powers only, and make appropriate suggestions.

There is also the matter of regulations which are the subject of affirmative and negative votes. In the British Parliament, some 60 or 70 per cent of the regulations passed do not take effect until an affirmative resolution is passed by either the House of Commons or the House of Lords, or both, and in other acts there is a waiting period to give anyone wishing an opportunity to propose a negative resolution when regulations are enacted under the statute.

When a bill is introduced for the first time, there is no reason why the first draft of the regulations should not also be submitted to the parliamentary committee considering the bill. Often, bills are merely skeleton bills. One does not know what kind of effect they will have until the regulations are passed.

This procedure, by the way, was very effective in connection with the recent new Immigration Act. The committee studying the bill requested that the department submit the draft regulations, and because the committee had the draft regulations before it the study of the bill was carried out with a greater degree of comprehension as to what the terms of the final product would be.

Under the American system, there is a pre-publication of regulations proposed to be passed, with the result that there is an opportunity for public input into the regulations before they become effective.

While in Washington, we met with the head of the Environmental Protection Agency, Mr. Costle. One of the members of our committee was rather anti-regulation, and gave a speech somewhat along the lines that we heard from Senator Manning today, pointing out how adversely over-regulation can affect small business.

● (1630)

Mr. Costle pointed out that in the United States there was a small business that never employed more than 30 people—the average number of employees was 20—located on the James River in Virginia. They were not making a particularly toxic or dangerous substance. The waste was dumped into the James River, and the actual cost of cleaning up the Chesapeake River and James Bay as a result of the dumping of that waste will



amount to \$9 billion. I could hardly believe it when I heard it. When I inquired around from various other people, I found it was a famous case in the United States, and the company which had originally owned this small company had been fined some \$20 million for its involvement up to the time they sold it some years ago.

As usual there are two sides to this coin, and we want to consider the whole question so that we can make some suggestions as to how generally we can improve the regulatory process.

**Senator Roblin:** Honourable senators, I would like to say a word of appreciation of the remarks that Senator Godfrey has just made, and to thank him for bringing to our attention the rather important second section of the report that he is recommending for our consideration today.

This second section, as he has said, seeks to find ways and means by which his committee can do a better job of dealing with the flood of regulations that now come before us every month, and I for one am heartily in favour of some way in which the authority of Parliament can be more effectively exercised in the scrutiny of this flood of regulations. It is an inevitable trend of modern government, I suppose—one which I have deplored for a long time, but to which I contributed to some extent—in that we find it necessary and inevitable that certain really legislative powers, powers to make laws, are delegated to people who are not parliamentarians or members of a representative body, but to members of the civil service, the bureaucracy. My experience has been that, by and large, they do a very conscientious job in trying to interpret statutes fairly, and to prescribe regulations that are within the four corners of the law.

We sometimes find that governments have been ill-advised as to how extensive are the powers that they convey in this way, and I think a good point is contained in this committee report that the principles under which the government should approve regulatory powers in statutes might well be very closely examined. I think that is a very fruitful field of endeavour. My view is that as far as possible we should minimize regulations. Legislative matters should be within the statute itself. In cases where they are not, then there has to be this scrutiny of the regulations, which Honourable Senator Godfrey has referred to.

If this authority enables us to extend the scrutiny and the effective control of Parliament over the regulatory mechanism, then I am very much in favour of it.

There is another item that might be considered by the committee—I do not suggest this in any more than my private capacity as an individual member of the Senate—and it has to do with the institution of administrative courts. These days we find that, as well as the regular judicial process in the country that deals with civil and criminal law, there is a need to consider whether there should not be provision for courts to deal with administrative matters, many of which arise out of regulations and statutory instruments of the type we are talking about here.

I know that in Europe, and in France particularly, there is a well-established regime of administrative courts where one gets quick justice, so to speak, in dealing with disputes with bureaucrats. It seems to me that something along that line might well be looked at by the committee in the course of their study of this matter. It may not be entirely appropriate for Canada, and I am not in a position to offer a firm recommendation on the matter. However, I know that it has been found very useful in other jurisdictions, and it might be considered here. Instead of having the necessarily elaborate and costly procedures for taking matters to court that we normally employ, it might be advantageous to find some better method of dealing with problems of administrative law that would be less expensive and would permit those problems to be dealt with promptly.

With those few comments, I would like to say that we are certainly happy to support the full report that the honourable senator has presented.

Motion agreed to and report adopted.

## THE ECONOMY

### BANNING OF 1.5 LITRE SOFT DRINK BOTTLES—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Fournier (*Madawaska-Restigouche*) calling the attention of the Senate to the adverse effects on the Canadian economy of the banning of 1.5 litre bottles from the soft drink producers in Canada.—(*Honourable Senator Buckwold*)

**Senator Buckwold:** Stand.

**Senator Deschatelets:** Honourable senators, a point of order was raised on Monday evening after a motion was made, and it was taken under advisement by the Chair. I was wondering if a decision could be given.

**The Hon. the Speaker:** Honourable senators, I thank the honourable senator for drawing this to my attention. I understand, however, that at the present time there is a request that this order stand. That being the case, I think it would be inappropriate for me to suggest what the results of taking the point of order into consideration might be. I suggest, therefore, if it is agreeable to honourable senators, that early in the proceedings tomorrow I should intimate the conclusion I have reached, after very exhaustive study of the interesting point raised.

**Senator Deschatelets:** I would appreciate it if that could be done early tomorrow, because if the decision of His Honour the Speaker should be adverse I would then be in a position to give notice of another motion.

**The Hon. the Speaker:** I appreciate the point made by the Honourable Senator Deschatelets, and I trust that when I make known my decision he will find it satisfactory.

Order stands.

# INTER-PARLIAMENTARY UNION

SIXTY-SIXTH ANNUAL CONFERENCE HELD AT CARACAS,  
VENEZUELA—REPORT OF CANADIAN DELEGATION PRINTED AS  
AN APPENDIX

On the inquiry of Senator Molgat:

That he will call the attention of the Senate to the Sixty-sixth Annual Conference of the Inter-Parliamentary Union held at Caracas, Venezuela, 13th to 21st September, 1979, and in particular to the discussions and proceedings of the Conference and the participation therein of the delegation from Canada.

**Senator Molgat:** Honourable senators, I prefer not to speak this afternoon on the inquiry standing in my name, but I would ask that the report of the Caracas Conference be appended to the *Debates* of today. This will give honourable senators an opportunity to read the material before this inquiry is debated.

● (1640)

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Senator Molgat, are you asking that the debate on Inquiry No. 4 be adjourned in your name?

**Senator Molgat:** In effect, yes. I do not propose to proceed today, and am simply asking that the report be printed as an appendix to the *Debates* of today, if that is agreeable to honourable senators.

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Honourable senators, I have some doubts about appending to *Hansard* a report which has not been discussed, and in respect of which there has not been a clear indication to the Senate of what its contents are.

The question has been raised before as to whether it is desirable, without any discussion or without a clear indication of what a document might contain, to have such a document appended to our proceedings and therefore form part of the permanent record. Questions have arisen as to whether that should not always be preceded by a discussion or an indication of the contents of the document. We have had past experiences in which regret on the part of some honourable senators has been expressed that documents have been appended when it was felt later that had senators known the contents they would not have agreed.

I therefore suggest to Senator Molgat that he consider this and make his motion. If he so desires, I will certainly put it.

**Senator Godfrey:** May I ask Senator Molgat a question? Is this the report that landed on my desk this morning? Have we not already seen it anyway? I agree that in the end it should be appended, but I do not see the point of appending it tonight when we have already received copies. In other words, I agree with His Honour.

**Senator Molgat:** First of all, I think we have established a precedent in the course of this particular session in that Senator Molson made the same request with respect to the

report of the Canadian delegation to the Twentieth Meeting of the Canada-United States Inter-Parliamentary Group.

Secondly, in reply to Senator Godfrey, the problem is that while the report has been published and distributed, it was sent only to those honourable senators who are members of the IPU, because it is a report to the members. In other words, honourable senators who are not members did not receive a copy of the report.

I understand the views of His Honour the Speaker perfectly. Possibly the answer is for me to table the report and then after it has been perused, request tomorrow or the day after that it be printed. I am in the hands of the Senate.

**Senator Roblin:** Honourable senators, the question of procedure raised by His Honour the Speaker is worth discussing. I must say, without having given it any profound thought, that I am inclined to agree with the position he has put before us, that it would be advisable to be aware of the contents of documents before we take the action of appending them to the *Debates*.

However, I also understand what Senator Molgat wants to do and I think it desirable that he achieve his end somehow. He wants us to know what is in the document so that when he makes his speech on the subject we will be in a position to listen intelligently. What could be fairer than that?

Is it not possible for him to obtain other copies of the report which could be sent to those senators who did receive one? I thank him for the copy he sent me, but could he send copies to those senators who may not be members of this particular body? They could then read the report and the senator's objective would be achieved and our position in the house preserved.

**The Hon. the Speaker:** Honourable senators, I hope I am not in danger of engaging in a debate. At times it is a great temptation while I sit here.

However, I would observe that had I heard the title of the report, or had it been in my hands, I would not have made the observation I did. I therefore suggest that, if Senator Molgat were to move, it being duly seconded, that the document entitled: "To All Members of the Canadian Group: Report on the 66th Inter-Parliamentary Conference, Caracas, Venezuela, September 13 to 21, 1979" be printed as an appendix to the *Debates of the Senate* of today, I would certainly not have made the observation I did, because I would then have been aware that the appending of such an Inter-Parliamentary Relations document has become almost a convention of this house.

It is moved by Senator Molgat, seconded by Senator McDonald, that this report be printed as an appendix to today's proceedings. Is it agreed, honourable senators?

Motion agreed to.

(For text of report see Appendix "B", p. 397)

The Senate adjourned until tomorrow at 2 p.m.



## APPENDIX "A"

(See page 382)

## ENERGY

## SELF-SUFFICIENCY—RESOURCES AND COST OF DEVELOPMENT—ANSWER TO QUESTIONS

1. In 1978, Canada produced about 9.1 quads of primary energy from all sources (a quad is a measure of the thermal value, Btus, of energy, equal to 180 million barrels of oil). Approximately 8.6 quads of primary energy were required to meet the energy consumption of Canadians in that year. Canadian production of crude oil and its equivalents in 1978 averaged 1.58 million barrels per day. This accounted for 36% of the total energy produced. The production of natural gas was at the level of 1.9 billion cubic feet. This provided 27% of Canada's total energy production. Primary electricity from hydro sources, amounting to some 235 billion kilowatt hours, accounted for 26% of primary energy. The 30 billion kilowatt hours provided by nuclear energy contributed about 3% to energy supply. The remaining 8% was provided by coal.

Since Canadians consumed about 8.5 quads of energy in 1978, Canada was a net exporter of energy in that year even though it was a net importer of petroleum. In that year the average gross oil imports were at the rate of 665,000 barrels a day, approximately 50 of which were in the form of refined products. After allowing for exports of crude oil and equivalents, refined products and liquid petroleum gas, net imports were at the level of approximately 180,000 barrels a day.

The 6% surplus of production over consumption in 1978 is not likely to persist over the medium-term future. According to projections in the National Energy Board's Oil Report (1978) and its Gas Report (1979), this surplus is projected to fall to about 3% by 1980 and become a deficit of 5% in 1985 and 10% in 1990. Because of changes in prices of world oil since these reports were compiled, they contain a possible overstatement of total energy demand. Therefore, the extent of the projected shortfall from a condition of energy self-sufficiency may also be overstated.

A recent analysis by Energy, Mines and Resources, which attempts to take into account changes in world energy prices since the NEB report, projects lower levels of energy demand. This new set of demand projections attempts to take explicit account of the effects of the changes in the relative fuel prices on interfuel substitution.

One of these projections assumed that Canadian domestic oil prices would be at parity with the international price by 1986. Based on this scenario, the total primary energy demand is projected to grow at about 2.2% per year to 2000 (compared to an average rate of 5.6% from 1973 to 1976 and 2.7% between 1973 and 1978) or an increase of 24% from current levels.

Among individual fuels, nuclear power is projected to increase its share of consumption most rapidly, while the relative shares contributed by oil and gas fall. Of the 13.7 quads of primary energy consumed in the year 2000, 31% would still be in the form of oil, 17% would be provided by gas, 30% by hydro, 13% by coal, and 9% by nuclear.

2. In terms of achieving energy self-sufficiency by 1990, Canada has a bountiful, but difficult, energy resource endowment. There is a broad agreement that more supplies can be found if the incentives are right. The aforementioned EMR report deals primarily with projections of demand and therefore does not attempt a definitive statement of the future patterns of increases in supplies of oil and gas. It does, however, for the purpose of discussion, suggest a more optimistic scenario for non-conventional oil production than was contained in the NEB reports. The National Energy Board foresaw the possibility of an increase of some 495,000 barrels a day in non-conventional oil production by 1990. Based on more recent development results, the revised EMR report foresees the possibility of an additional 185,000 barrels a day by 1990 (for a total of non-conventional oil production of 680,000 barrels a day more than in 1978). This analysis cautions that despite the increased levels of international oil prices, strenuous efforts will be needed to achieve the very rapid increases in non-conventional oil supplies which are assumed here. The same positive linkage between supplies and incentives is also widely believed to be true for the high-cost frontier basins. Given the changes in international oil prices that have already occurred, even these supply revisions may be pessimistic.

As a consequence of these revised demand and oil supply projections, there is a good basis for some significant improvement in the extent to which Canada could be self-sufficient in total energy. Canada could be in a state of rough energy balance in 1985, switching to a deficit in later years. However, this trend to a deficit could be reversed by greater substitution of oil by gas and more effective conservation measures. Towards the end of this century, the shares of the several energy sources in total supply, all from domestic sources, would likely match the energy demand projections previously mentioned.

3. In 1978, Canadians spent about 10% of the value of the GNP on meeting their energy requirements (expenditures on energy equals \$12.6 billion (1971 \$), GNE was \$126.7 billion (1971 \$)). This ratio under assumptions of reaching domestic

parity with world prices in 1986 would deteriorate only slightly (\$22 billion out of \$207 billion in 1971 \$).

The exact amount of investment required and the manner in which it would be financed is highly dependent upon the relationship between world and domestic oil prices. These are at present the subject of negotiation between the federal and provincial governments. A more adequate answer to this question will have to await successful resolution of these negotiations. The fiscal regimes will largely influence the timing and nature of energy investment. It is clear that there is a large measure of agreement between the federal and provincial governments and industry as to the principles essential to tax policy directed at achieving satisfactory future energy balances, namely:

1. Industry needs adequate cash flows to undertake its investments;
2. Industry needs reasonable profit expectations, commensurate with risks to undertake these investments;
3. The provinces, as owners of resources, require their share of economic rent; and

4. The federal government needs to protect its tax base if the oil and gas industry is to contribute to the financing of federal economic programs.

Although the principles are simple enough, the difficulty is to define the formula for the division of revenues which accommodate the above objectives.

It is apparent that moving Canadian energy prices to international levels within existing institutional arrangements raises major financial and economic issues, even if the increases were phased in over a period of several years. Consideration must be given to ways in which the negative effects might be reduced, while recognizing the legitimate interests of all concerned. It is in this context that the federal government has called for a process of reviewing carefully the structure of incentives designed to influence new energy investment to ensure that they are both adequate and compatible with energy and economic policy objectives, including the stimulation of Canadian participation. With appropriate fiscal regimes, achieving energy self-sufficiency by 1990 would be a difficult but not an impossible task within the competence and financial capacity of the Canadian private sector.



## APPENDIX "B"

(See page 394)

## INTER-PARLIAMENTARY UNION

SIXTY-SIXTH ANNUAL CONFERENCE, CARACAS, VENEZUELA

## I—CANADIAN DELEGATION

The delegation was led by Senator Gildas Molgat, Chairman of the Canadian Group and consisted of Senators Rhéal Bélisle, Joseph Guay, P.C. and Joan Neiman, and from the House of Commons, Derek Blackburn, Charles Caccia, Dennis Dawson, Benno Friesen, Rosaire Gendron, Bruce Halliday, Robert Holmes, Douglas Neil and Patrick Nowlan. Mr. Nowlan was accompanied by his daughter and all other delegates except Senator Neiman and Messrs Blackburn, Caccia, Dawson and Halliday were accompanied by their wives.

Staff support was provided by Jean Macpherson, Executive Secretary-Treasurer of the Canadian Group, Maija Adamsons, Deputy Executive-Secretary Treasurer and Mr. Roger Hill, Adviser to the delegation.

The Minister of Transport authorized a Viscount aircraft to take the delegation to and from the Caracas conference. Due to the length of the flight an overnight stop in San Juan, Puerto Rico was arranged en route to Caracas and one in Jacksonville, Florida on the return trip.

## II—INAUGURAL CEREMONY AND FIRST PLENARY SESSION

The opening of the 66th Inter-Parliamentary Conference took place in the Circulo de las Fuerzas Armadas, at 11:00 a.m. in the presence of the President of the Republic of Venezuela, Dr. Luis Herrera Campins. The summary record of this inaugural ceremony is attached as Appendix A.

Parliamentarians from 82 countries participated in this 66th Inter-Parliamentary Conference. As their first item of business they unanimously elected Mr. Godofredo Gonzales, President of the Venezuelan Congress and Inter-Parliamentary Group, to be President of the Conference.

The United Kingdom delegation requested that a supplementary item entitled *Refugees from Viet Nam* be included in the Conference agenda. The United Kingdom delegation presented the following draft resolution:

"The 66th Inter-Parliamentary Conference,

*Recalling* the undertakings reached at the Conference arranged by the United Nations Secretary General at Geneva on 20 and 21 July regarding the Vietnamese refugees,

*Deploring* the exodus of large numbers of these refugees and recognizing the great strains on neighbouring territo-

ries, constituting a threat to peace and stability in South East Asia,

*Calls on* the Socialist Republic of Viet Nam, the International Community and the United Nations to fulfil expeditiously and positively the decisions reached at the United Nations Geneva Conference".

Mr. Jack Page of the United Kingdom spoke in favour of the proposal arguing that it was the duty of the Inter-Parliamentary Conference to support the United Nations particularly in the field of Human Rights and that it would be a dereliction of duty not to discuss the plight of the refugees from Viet Nam, *Mr. Darvasi* of Hungary was against the proposal for procedural reasons. He said that agreement had been reached between Viet Nam and the United Nations High Commissioner which could be harmed by any discussion and he urged rejection of the proposal in the interest of peace and progress. *Mr. Maitre Phan-Ahan* of Viet Nam deplored what he described as a provocative proposal. He said the subject had been discussed at length in Geneva, that substantial results had already been obtained and that there was no need to discuss the subject.

In accordance with the Rules of Procedure a roll-call vote was taken on whether or not this item should be added to the agenda. The result of the vote was as follows: valid votes cast 634, for the proposal 372, against the proposal 262 and abstentions 298. As a majority of two thirds (423) was required for the adoption of the proposal, the President declared the proposal rejected. A tally of the votes by country on the request for the insertion of a supplementary item on Refugees from Viet Nam is attached as Appendix B.

## III—GENERAL DEBATE

Three Plenary Sessions were allotted to consideration of:

- (a) the Political, Economic and Social Situation of the World and the Activities of the Union;
- (b) Implementation of the Final Document of the 10th Special Session of the U.N. General Assembly devoted to Disarmament; and
- (c) the Middle East Question and the Palestinian Problem;

Approximately 105 speakers took part in this debate, including observers representing the Palestine National Council.

Speaking on behalf of the Canadian delegation, *Senator Molgat* expressed the view that the world in 1979 was not a

very happy place for many of its peoples, and that it was necessary to do everything possible to relieve the most dangerous tensions and promote positive developments. He said that one was struck by the plight of the Vietnamese boat people and the population of Cambodia. The continuing violations of Human Rights in Latin America should also be deplored. However, one should not point the finger at any particular continent since the I.P.U. was concerned with such problems wherever they might occur. Developments with regard to decolonization in Africa were also cause for dismay, at times, as well as hope. He said Canadians were also very concerned about peace in the Middle East and had shown evidence of this concern by providing troops for a whole series of peace-keeping forces in the area, and hoped to do whatever they could to help rather than hinder the achievement of a just and lasting peace in the Middle East. This was the context in which recent discussions about the Canadian Embassy in Israel should be seen. He said the Government of Canada is presently undertaking a study of this question, in the context of making whatever contribution it can to progress towards a comprehensive peace settlement in the Middle East and to that end has appointed Mr. Robert Stanfield—a distinguished and respected Canadian—to conduct a commission of enquiry. Senator Molgat pointed out that Mr. Stanfield had already left on a mission to the Middle East, where he would engage in consultations with all the parties concerned, and the Government would obviously consider his recommendations very seriously in any decisions it might subsequently take.

Also participating in this debate, *Mr. Caccia* spoke of the position of Canada as being placed physically between the two super powers. The enormous amount of money spent on arms did not make sense. He said that general disarmament was the ultimate goal, but many questions had to be answered as progress is made towards that end. The best policy was a step by step approach. The preservation of peace rested on a balance of deterrents between the great powers. One problem was how to control the technological development of new systems of nuclear weapons. This had an impact on foreign policy, which was in danger of becoming the servant of defence policy. The dialogue between the major powers had led to some limitation of weapons but not to a reduction of existing forces. Mr. Caccia called for a comprehensive test ban, for a prohibition on the development of new systems and on the use of fissionable material for military purposes and for a limit of expenditure on military systems. Such measures, if pursued, could lead effectively to disarmament he concluded.

#### IV—SUBJECTS DEBATED AND RESOLUTIONS ADOPTED

##### (a) *Implementation of the Final Document of the 10th Special Session of the U.N. General Assembly devoted to Disarmament*

Following the general debate the draft resolution on this subject, together with 12 amendments to it presented by the Groups of the Federal Republic of Germany, the U.S.S.R.,

India, Yugoslavia, Bulgaria, Romania, Spain, Cyprus, the German Democratic Republic, Belgium, the U.S.A. and composite amendments presented by the Groups of the Nordic countries, was submitted to the Committee on Political Questions, International Security and Disarmament.

Prior to the meeting of this Committee, Mr. Caccia consulted with Senator Guay and other members of the delegation to review the amendments to the original draft resolution and to decide which ones could and could not be supported from the Canadian standpoint.

Under its Chairman, Mr. Sture Ericson (Sweden), the Committee on Political Questions, International Security and Disarmament dealt with all the amendments before it and came up with an amended draft resolution which was adopted by 51 votes to 0, with 1 abstention, by the Committee. While voting against some particular paragraphs at the Committee stage, Canada supported this new draft resolution which was unanimously adopted by the Conference at its final plenary sitting.

The full text of the resolution on *Implementation of the Final Document of the 10th Special Session of the U.N. General Assembly devoted to Disarmament* can be found in the enclosed booklet *RESOLUTIONS, NOMINATIONS, ELECTIONS*.

##### (b) *The Middle East Question and the Palestinian Problem*

As this subject had not been studied at the Spring Meetings in Prague last April, delegations were invited to present draft resolutions. Five were tabled—one by the Jordanian, Syrian, Lebanese and Tunisian Groups, one by the Israeli delegation, one by the French, Spanish, Italian and Portuguese delegations to which an amendment was submitted by the Egyptian Group, one by the Netherlands delegation and one by the United States Group.

In the hope of arriving at a single text the Committee on Political Questions, International Security and Disarmament struck a Drafting Committee consisting of representatives from Israel, Egypt, Lebanon, Jordan, Syria, U.S.S.R., U.S.A., Yugoslavia, Senegal, France, Spain, Kenya, Sri Lanka, Venezuela and the Netherlands. The Yugoslav representative was appointed Chairman of the Drafting Committee which, after long hours of work, presented a single draft resolution on this subject.

Mr. Nowlan took prime responsibility for this question. Unfortunately the entire Canadian delegation could not be convened to consider the text presented by the Drafting Committee as it was circulated only at the Committee on Political Questions, International Security and Disarmament when it was to be considered. Mr. Nowlan was prepared to support the text presented by the Drafting Committee but as the full Committee proceeded with its work, the Yugoslav delegate—who had, in fact, chaired the Drafting Committee—led an assault on the text which drastically changed its nature from a balanced to a very one-sided one. This development was so remarkable and unusual that it thoroughly upset the Drafting Committee's rapporteur—Mr. Chandernagor of France—who



denounced the entire proceedings and left the meeting. Consequently Canada, like several other countries, did not support the draft resolution adopted on this subject by the Committee on Political Questions, International Security and Disarmament by a vote of 37 for to 4 against, with 10 abstentions.

The Canadian delegation met to discuss the various issues included in the new text prior to the vote at the final plenary session.

As Chairman of the Committee on Political Questions, International Security and Disarmament, Mr. Ericson (Sweden) reported to the final Plenary Session that 5 different draft resolutions had been received on this subject. He said that a Drafting Committee had been appointed which after 12 hours of work had presented a text supported by 10 votes to 1, with 3 abstentions. He reported that during subsequent considerations by the Political Committee a series of three amendments were proposed by those who had voted for the original text in the Drafting Committee. He suggested that this was a waste of the Drafting Committee's time. Those who had voted for the text should have supported the Political Committee otherwise it would make work impossible. Having said that he presented the text as amended.

Following interventions by delegates from France, the Syrian Arab Republic, Israel and a representative of the Palestinian National Council, the Conference proceeded to vote by roll-call on the draft resolution. The result of the vote was 494 for the resolution, 110 against with 288 abstentions. Since the number of valid votes cast were 604 the required majority was 303 so the resolution was adopted. The Canadian delegation cast 8 votes against the resolution and 6 abstentions. The result of the roll-call vote on the *Middle East Question and the Palestinian Problem* is attached as Appendix C.

The text of the resolution adopted in the *Middle East Question and the Palestinian Problem* is included in the enclosed booklet *Resolutions, Nominations, Elections*.

It is worth noting that, while the Canadian delegation decided to mention the Stanfield Mission, no other delegation referred to the location of the Canadian Embassy in Israel during the formal plenary or committee sessions.

(c) *The Legislative Aspects of Space Law*

Senator Neiman, as Rapporteur from the Spring Meetings on the question of space law, presented her report and said that there could be no doubt that our country recognized the contribution made by the United States and the U.S.S.R. to the advancement of space technology. The draft resolution prepared at the Spring Meetings tried to combine a mood of conciliation in dealing with space technology with a determination to press governments to reach further and more significant accord in the cause of world peace. In respect of the Moon Treaty, several amendments had been tabled recognizing a significant milestone in space history. At the Spring Meetings divergent views were expressed on certain areas of space law and the draft resolution represented a consensus on a number of vital matters of concern to all countries.

Approximately 30 delegates spoke during the Plenary Session allocated to consideration of the Legislative Aspects of Space Law.

Speaking on behalf of his delegation, Mr. Neil said that Canada had been active in space programs for a number of years. Her latest satellite would undertake exciting trials in bringing communications and television to remote areas and small scattered settlements. Canada was continuing to cooperate with the United States and other countries. Forest management experience was a particular field in which Canada had shared her knowledge with others. He said that Canada had tabled certain amendments to the draft resolution on space law being considered by the Conference, in an effort to clarify it and bring it up to date. He explained the significance of these amendments. Exploration and knowledge of space was in its infancy. It was vital that we proceed with extreme caution to ensure that the development of space law was for the benefit of all and not for a few States.

The draft resolution and 11 sets of amendments presented by the U.S.S.R. Group, the Indian delegation, the Bulgarian Group, the Romanian Group, the Moroccan Group, the French delegation, the Canadian delegation, the Mexican Group, a Moroccan delegate, the United States delegation and the Spanish Group were referred to the Committee on Parliamentary, Juridical and Human Rights Questions for consideration.

The Canadian delegation met under the chairmanship of Mr. Neil to consider the various amendments to the original draft resolution. These were then considered by the full Committee on Parliamentary, Juridical and Human Rights Questions which adopted an amended draft resolution by 27 votes to 0 with 1 abstention.

Senator Neiman, on behalf of the Committee on Parliamentary, Juridical and Human Rights Questions, presented the draft resolution to the final Plenary Session. Mr. Pickle (U.S.A.) intervened to say that his delegation could not support the draft resolution because of the number of restrictions and limitations put on the dissemination of information derived from satellites. Mr. Sobarso (Mexico) said that his delegation would support the draft resolution but that he regretted there had been no mention about the common patrimony of the moon.

The result of the vote by roll-call on this draft resolution was 682 for to 39 against with 65 abstentions. The number of valid votes cast were 721 so the resolution was adopted having achieved more than the required majority of 361 votes. Canada cast all 14 votes in favour of the resolution even though it included references to the delimitation of Outer Space and the particular rights of equatorial countries with respect to geostationary orbit which Canada had voted against when the text was considered in the Committee stage. The final resolution takes a position on direct broadcasting by satellite which is based on positions which Canada has advanced in the United Nations. The result of the roll-call vote

on the resolution dealing with the *Legislative Aspects of Space Law* is attached as Appendix D.

The complete text of the resolution adopted on the *Legislative Aspects of Space Law* can be found in the enclosed booklet *Resolutions, Nominations, Elections*.

(d) *Protection of the Family and General Care of Children and Youth in connection with the International Year of the Child*

Approximately 57 delegates, including a representative of the Palestinian National Council and Mr. Charles Egger, Deputy Executive Director of UNICEF, participated in the two Plenary Sessions allotted to consider this subject.

Mr. Friesen explained that Canada was already working towards many of the aims of the resolution on the family and children. He cited the fact that Dr. Halliday had just returned from the Conference on Population and Development in Sri Lanka; the problems of handicapped children and emphasized the anguish resulting from the breakdown of marriage as an increasing phenomenon. All too often marriages broke down in a spirit of acrimony. The greatest victims in that situation were the children, who became helpless pawns with divided loyalties. With the growth of international travel and inter-marriage it was all the more likely that relationships would breakdown and more child tragedies would result. He cited a specific case of a child being abducted by one of its parents. The problem might not involve many people but governments should acknowledge the importance of the question of custody of children. He asked for support for a Canadian amendment to the draft resolution intended to enhance the physical and emotional security of children of divorced or separated parents by recognizing as binding the custody arrangements established in the courts of the country where they are residing at the time of separation.

Following the general debate the draft resolution and 12 amendments presented by the Group of the Federal Republic of Germany, the U.S.S.R. Group, the Indian delegation, the Bulgarian Group, the Romanian Group, the Moroccan Group, the Luxembourg Group, the Groups of the Nordic Countries, the Canadian Group, the British Group, the Spanish Group and the Cyprus Group were referred to the Economic and Social Committee for examination.

Mr. Friesen met with members of the Canadian delegation to discuss the amendments prior to the meeting of the Economic and Social Committee. The latter unanimously adopted a revised draft resolution which included Canada's proposed amendment. This same draft resolution was subsequently unanimously adopted by the Conference at the final Plenary Session.

The text of the resolution adopted on *Protection of the Family and General Care of Children and Youth in connection with the International Year of the Child* is included in the enclosed booklet *Resolutions, Nominations, Elections*.

(e) *Ways and Means of Promoting International Understanding, Co-operation and Peace in the areas of Education, Information and Communication*

Approximately 52 delegates, including Mr. Enrique Oteiza representing UNESCO, participated in the debate on this topic.

Dr. Halliday expressed the support of the Canadian delegation for the draft resolution on education for peace and related matters. He also drew attention to the need for education and the dissemination of information in the field of population activities. World population growth was outstripping the ability of the world to support it. It has been estimated that the population of the world will reach 8 to 10 billion by the middle of the next century. The implications of that growth were alarming, especially as by far the greater part of it would be in the developing countries. It was essential to develop population policies. Parliamentarians should ensure that their governments gave proper attention to population problems; the need was "evident and urgent" to quote the Colombo Declaration. There should be incentives to reverse the emigration from rural to urban areas. The role of women should be enhanced. Family planning services and education in this field should be provided. Only a tenth of one per cent of the amount spent on armaments was spent on population activities. Dr. Halliday concluded by stressing the vital importance of tackling the problems posed by the growth of the world's population.

Mr. Dawson had presented an amendment, on behalf of the Canadian delegation, to the original draft resolution on the subject. Following the general debate, the original draft resolution and 15 sets of amendments presented by the U.S.A. Group, the U.S.S.R. Group, the Indian delegation, the Bulgarian Group, a Moroccan delegate, the Group of the Federal Republic of Germany, the Yugoslav Group, the Moroccan Group, the British Group, the Cyprus Group, the Canadian Group, the Sudanese Group, the Egyptian Group, the New Zealand Group and the Spanish delegation were referred to the Committee on Education, Science, Culture and Environment for consideration.

Mr. Dawson and Dr. Halliday convened the Canadian delegation to examine all the amendments prior to the meeting of the Committee on Education, Science, Culture and Environment which ultimately adopted a revised text which included the Canadian amendment by a vote of 31 for to 1 against with no abstentions. This revised draft resolution was unanimously adopted by the Conference at its final Plenary Session.

The full text of the resolution adopted on *Ways and Means of Promoting International Understanding, Co-operation and Peace in the Areas of Education, Information and Communication* can be found in the enclosed booklet *Resolutions, Nominations, Elections*.

(f) *Implementation of the U.N. Recommendations on Decolonization*

Approximately 60 speakers took part in the debate on this subject including a representative of the Palestinian National Council. After listening to the speeches for some hours and assessing the tenor of the debate it was decided that little would be gained by another speech so the Canadian delegate deleted his name from the list of speakers.



Following the general debate the draft resolution and the more than 50 amendments presented by the U.S.S.R. Group, the Indian delegation, the Bulgarian Group, the Moroccan Group, certain delegates from Australia, the Groups of Algeria and Cyprus, a delegate from Finland, the Group of Senegal, the United States delegation, the Groups of Algeria and Mozambique, the Groups of Kenya and Zambia and the Vietnamese delegation were referred for study to the Committee on Non-self Governing Territories and Ethnic Questions. Dr. Holmes took primary responsibility for this subject and convened the delegation to examine all the amendments. With the assistance of Senator Bélisle, who had been an observer at the internal elections in Namibia, the delegation reached a consensus as to which amendments could be supported and which ones could not be supported at the Committee on Non-self Governing Territories and Ethnic Questions. In the end, the Committee came up with a revised draft resolution that was adopted by 39 votes for to 0 against with 6 abstentions. This revised resolution was adopted by the Conference at its final Plenary Session by a vote of 564 for to 25 against with 245 abstentions. While Canada, at the Committee stage, had voted against a number of paragraphs which were included in the final resolution—such as the one which recommends fighting for self-determination “by all necessary means”—the Canadian delegation cast 10 votes for, 3 against and 1 abstention on the final resolution. The result of the roll-call vote is attached as Appendix E.

The full text of the resolution adopted by the conference on *Implementation of the U.N. Recommendations on Decolonization* is included in the enclosed booklet *Resolutions, Nominations, Elections*.

(g) *Appeal for Solidarity with the Caribbean Countries affected by the Recent Hurricanes*

At the final Plenary Session the President of the Conference explained that he had just received a letter from the leader of the Colombian delegation requesting, on behalf of his own delegation and the delegations of Bolivia, Brazil, Costa Rica, Cuba, Ecuador, Mexico and Venezuela, the inclusion in the agenda of a supplementary item entitled “Appeal for Solidarity with the Caribbean Countries affected by the Recent Hurricanes”. After explaining the procedural implications the President gave the floor to Mr. Cabrera Munoz (Mexico) who explained that the resolution proposed represented an appeal for solidarity and assistance to all governments and people in the area. He said many families had been left homeless and hungry and he appealed for help.

The Conference unanimously adopted, without debate, the resolution entitled *Appeal for Solidarity with the Caribbean Countries affected by the Recent Hurricanes* which can be found in the enclosed booklet *Resolutions, Nominations, Elections*.

#### V—HUMAN RIGHTS MATTERS

(a) *Special Committee on Violations of the Human Rights of Parliamentarians*

The Special Committee examined 32 cases from 9 countries in different regions. 24 cases had been the subject of a previous report and the Special Committee continued the examination of unresolved cases. The Committee examined 14 new cases of which 8 were reported to the Inter-Parliamentary Council at its Caracas meetings.

The cases of 5 parliamentarians who had been the subject of resolutions adopted previously by the Inter-Parliamentary Council have been resolved.

Resolutions were adopted by the Inter-Parliamentary Council in Caracas on 26 cases of Violations of the Human Rights of Parliamentarians. The most controversial case was that of Lee Tee Tong of Singapore. An amendment to the resolution presented by the Special Committee on the Tong case was presented by the delegation of New Zealand. However the Special Committee's Draft Resolution was adopted by the Inter-Parliamentary Council by a vote of 112 for to 11 against with 24 abstentions.

A list of cases on which the Inter-Parliamentary Council adopted resolutions resulting from the report by the Special Committee on Violations of the Human Rights of Parliamentarians is attached as Appendix F.

(b) *Special Committee entrusted with presenting to the Council, in Caracas, an exceptional report on the Human Rights Situation in Latin America, particularly in Argentina, Chile, Nicaragua and Uruguay*

This report was considered by the Inter-Parliamentary Council which subsequently unanimously adopted a resolution presented by the delegation of Venezuela.

A copy of this resolution is attached as Appendix G.

#### VI—INTERNATIONAL CONFERENCE OF PARLIAMENTARIANS ON POPULATION AND DEVELOPMENT

The Secretary General presented to the Inter-Parliamentary Council a report on the results of the International Conference of Parliamentarians on Population and Development co-sponsored by the United Nations Fund for Population Activities and the Inter-Parliamentary Union.

This Conference took place in Colombo, Sri Lanka, from August 28 to September 1, 1979. Sixty-four Parliaments were represented, including a number of Parliaments which are not members of the Union. The United Nations, the International Labour Organization, UNESCO, the World Health Organization and the World Bank were represented by Observers, as well as several non-governmental international organizations. This conference adopted *The Colombo Declaration on Population and Development*.

The Colombo declaration requests the Inter-Parliamentary Union to give particular attention to the problems of population and development and as a result the Inter-Parliamentary Council unanimously adopted the resolution attached as Appendix H on the International Conference of Parliamentarians on Population and Development.

## VII—FURTHER ACTIVITIES IN THE FIELD OF EUROPEAN COOPERATION AND SECURITY

A meeting of representatives of the National Groups of the European countries, the United States of America and Canada took place on September 17th in Caracas. At this meeting it was decided that the IVth Inter-Parliamentary Conference on European Cooperation and Security would be held in Brussels from May 12 to 18, 1980. The agenda for this conference, draft rules of procedure and other organizational details were decided.

## VIII—ELECTIONS OF THE PRESIDENT OF THE INTER-PARLIAMENTARY COUNCIL AND MEMBERS OF THE EXECUTIVE COMMITTEE

### (a) *Election of the President of the Inter-Parliamentary Council*

Two candidatures were presented for this post—Mr. Sadok Mokaddem (Tunisia) by the Tunisian Group in agreement with the African and Arab Groups and Mr. Rafael Caldera (Venezuela) by the Venezuelan Group and supported by the Latin American Parliament. When this item came before the Inter-Parliamentary Council, Mr. Mokaddem made a short speech and withdrew his candidature. As a result Mr. Rafael Caldera, a former President of Venezuela, was elected President of the Inter-Parliamentary Council by acclamation.

### (b) *Elections to the Executive Committee*

Senator Molgat was unanimously elected to replace Mr. Lloyd Francis until the expiry of the former parliamentarian's term of office in 1980.

Elections were held to fill the seats of the 3 members whose mandates expired in 1979. Originally 6 candidates presented themselves for these posts—Mr. V.N. Navaratnam (Sri Lanka), Mr. E. Cuvelier (Belgium), Mr. Mirza Gholam Hafiz (Bangladesh), Mr. S. Ericson (Sweden), Mr. C. Kallias (Greece) and Mr. R.N. Mirdha (India). In discussions with delegates of the western caucus, and before the vote was taken, Mr. Kallias withdrew his candidacy. Subsequently the 3 candidates that the western caucus had agreed to support—Messrs Cuvelier, Ericson and Navaratnam—were each elected to a four year term of office on the Executive Committee.

## IX—SOCIAL AND SPOUSES' PROGRAMS

### (a) *Social Program*

On the evening of the official opening of the Conference a reception was given by the President of the Republic and Mrs. Herrera Campins at Palacio de Miraflores. The following evening participants were treated to the International Ballet of Caracas featuring Zhandra Rodriguez at the Teatro Municipal.

On Sunday, September 16, an all day excursion was arranged including a visit to "Historical Caracas" followed by

a luncheon buffet given by the President of the Instituto Autonomo Hipodromo "La Rinconada". This was followed by an afternoon of horse racing which included the "classic" 66th Inter-Parliamentary Conference and the award of the trophy to the winner.

On September 18 the Minister of Foreign Affairs of Venezuela and Mrs. Zambrano Velazco gave a reception for conference participants in the Ministry of Foreign Affairs "Casa Amarilla".

A "concert evening", presenting the Philharmonic Orchestra of Venezuela, Alirio Diaz, Morela Munoz and Edith Pena took place on September 19 at the Israel Pena Theatre.

Following the closing of the Conference the President of the National Congress and Mrs. Gonzales, the Vice-President of the National Congress and Mrs. Canache Mata gave a final reception for all participants at the Congreso Nacional.

On the evening of September 20 Ambassador and Mrs. Roger Rousseau and the Canadian delegation entertained at a reception at the Ambassador's residence.

### (b) *Spouses' Program*

An extensive program was arranged throughout the Conference for spouses, accompanying family members and delegates who were not engaged in conference work. This included visits to numerous Museums and Art Galleries, a full day at the beach including native folk players and a fashion show, a day's excursion to "El Encanto Park" in addition to several lunches and a visit to Shopping Centres.

## X—WORK PROGRAM OF THE STUDY COMMITTEES FOR 1980

During the conference each of the 5 Study Committees suggested subjects which might be included in the Work Program for 1980. At the Committee on Political Questions, International Security and Disarmament the Canadian delegation suggested that an appropriate topic for next year's Work Program would be "the urgent need to review the structure and procedures of the Inter-Parliamentary Union in order to make it a more effective forum for parliamentary discussion and international understanding".

Out of the 15 items reviewed by the Committee this one received the highest number of votes. Eighth on the preference list was another topic suggested by the Canadian delegation; namely, "the importance of considering on a regular basis the structure and procedures of the Inter-Parliamentary Union by having the retiring President of the Inter-Parliamentary Council submit a report reviewing his term of office". While neither of these topics were included in next year's Work Program, the issues involved were aired and will be further considered by the Executive Committee at its meeting in Oslo next Spring.

The 1980 Work Program for the Study Committees of the Inter-Parliamentary Union is attached as Appendix I.



## APPENDIX A

**SIXTY-SIXTH INTER-PARLIAMENTARY  
CONFERENCE**

13-21 SEPTEMBER 1979—CARACAS, VENEZUELA  
INAUGURAL CEREMONY OF THE 66th  
CONFERENCE

THURSDAY, SEPTEMBER 13th, 1979

The Conference was opened at 11.05 a.m., in the presence of the President of the Republic of Venezuela, Dr. Luis Herrera Campins.

*Mr. Godofredo Gonzalez*, President of the Delegation of Venezuela, welcomed the representatives of the Parliaments of the member countries of the IPU on behalf of the Parliament of Venezuela. He paid tribute to the Union as the representative body of more than eighty Parliaments. Its basic objective was the development of parliamentary institutions which it sought to achieve through the discussion of international issues with a view to finding solutions to them through parliamentary channels.

The agenda of business to be discussed by the Conference was too lengthy and comprehensive for him to refer to all items. He wished however to cite three important subjects which were down for commission. The first was the question of world disarmament, a complex and delicate issue. The Parliaments of the world should bring an element of rationality to the problem and help to arrest the suicidal search for armaments. The second subject was decolonization, a specially sensitive subject for Latin America with its past history of struggles against colonialism. He welcomed the new members of the Union. The third subject was human rights, which had long been the concern of Parliamentarians. He referred with regret to the existence of repressive regimes in Latin America. Venezuela in the past had suffered from such regimes. She now shared the sufferings of her sister countries and lamented the absence of Chile, Argentina and Uruguay.

Mr. Gonzalez continued by referring to the multiplicity of interests represented in the Venezuelan Parliament and to the free expression of ideals and respect for minorities on which that body was based. It was not enough to have goodwill and noble intentions with regard to the rights of man. It was essential to have a clear determination to translate the goodwill and intentions into reality so that freedom, justice, dignity, self-determination and sovereignty among men were not an illusion but a fact. He concluded by once again welcoming delegates to the Conference and hoped that their discussions would contribute to the achievement of the fundamental aims of all democratic Parliaments.

*Sir Tom Williams* (President of the Inter-Parliamentary Council) said that one of his greatest privileges as President of the Inter-Parliamentary Council had been to act as the Union's spokesman in expressing thanks for the unfailing generosity of the hosts of various conferences. Mohammed had once said that the greatest gift to man was that of being

hospitable; it was a double blessing because it blessed him who gave and him who received.

He expressed his gratitude to the Parliament and people of Venezuela for their invitation to Caracas, for the warmth of their welcome and the trouble that had been taken to ensure delegates' comfort during their stay. He expressed thanks to the President for honouring the Conference by his presence.

There was a story that when God made the world he gave that part that came to be called Venezuela the most beautiful hills and valleys, the richest ores and minerals and the most precious metals and stones. St. Peter had complained that it was not fair that so much that was precious and valuable should have been given to such a small part of the world. God had said, "Ah, but you have not seen the people that I am going to put there yet." He was of the opinion that what God meant was that the people he intended to put in Venezuela would be equal in value to all the other things he had deposited there.

In the people of Venezuela blazed a love of freedom that made men courageous enough to be prepared to sacrifice everything to be free. Their great national hero had said that freedom could not be divided and he had led the whole of Latin America to fight until it had thrown off its chains of tyranny. Venezuela had had other tyrannies since the time of Simon Bolivar but had overthrown them all. Today parliamentarians felt a quickening of the blood to be in the land where the flame of freedom burnt with so bright a glow.

Today, they were inaugurating a conference that had more members than ever before. When the Union had been born, less than 100 years ago, it would not have been possible for 80 or more nations to have met together, because most would have been in the bondage of foreign overlords. Freedom remained a tender plan and they must be vigilant against the threats of tyranny.

They could re-learn from Simon Bolivar the strange paradox of history—that men were born to be free; that at all times and in all places men had been in chains, but would always struggle till their chains fell free.

The lesson that had to be learned was that if tyranny was to perish for ever those of our generation and those that followed would have to keep clear the vision that our fathers had—that every tyranny perished and that the end of mankind was to be for ever free.

He had not always been successful in giving, in the language of host countries, suitable quotations. In London, he had spoken a Latin grace before a public dinner and had subsequently been asked by their distinguished Secretary General, "Mr. President, was the language that you were speaking Welsh?" However, he would, on the last occasion on which he would be privileged to speak at an opening session of a conference, choose a Welsh quotation. Translated into English it was that man's journeys through history were as through a desert, but with always the distant vision of the hills of peace. When, through time's trials, its portals he reached, none of the

hardships would purposeless seem. With fear as companion, and threatened with storms, knowing death as his own separate end, yet if while life lasted he was true to his heritage he would have triumphed over history's storms and left to his children a path to a heaven that no tempest might touch.

That quotation caught the truth of our human situation. The world was a dangerous place and often proved the desert of the soul but the true man had always been more than conqueror of the evils that had beset him. Many had died for the vision of a world at peace and we were the inheritors of their vision. It was not a little thing to belong to a union of men and women chosen by their fellows to find the way of peace and the way to a world in which they might live without fear. They must be true to that heritage and finish what their fathers had begun.

Because they were leaders in their countries they had to use their time together to learn how better to serve those who had elected them. For one of his faith, he could do no better than to repeat the prayer with which the Queen of England ended every speech with which she opened Parliament—"May Almighty God guide your thoughts and words and bless you in all your endeavours for the good of our people now and always." Whatever one's faith, those were good words. However interpreted they must mean to everyone that man's doing was nothing worth unless he knew himself to be serving a greater cause merely than himself.

*Mr. Perez de Cuellar*, Under-Secretary General of the United Nations, delivered a message on behalf of the General Secretary of the United Nations. The General Secretary had great pleasure in sending greetings to the representatives of world Parliaments. In his report he referred to the past year as being full of conflict: The international scene was very depressing. There had been sudden shifts in political, social and economic balances. In different ways these shifts affected all nations and peoples and new and unpredictable events often followed. What was now needed was a period of assessment and stocktaking. Nations had perhaps lost sight of many of the political, scientific and technical advances made over the past thirty years. They needed to pause to assess and take advantage of those advances. There was still a great need to redress long standing political and economic grievances and to alleviate the suffering that existed in many parts of the world. There were many unresolved problems which led to a sense of disillusion. Idealism was not enough by itself. What was needed was practical steps to realise the basic aims of the community of nations. The IPU through its discussions could assist the work of the United Nations. He concluded by wishing the Conference every success.

*Dr. Louis Herrera Campins*, the President of the Republic of Venezuela, extended a warm welcome to delegates attending the Conference on behalf of the Government and people of

Venezuela. It was an honour for Caracas to be able to welcome them. He spoke of the IPU as one of the oldest, if not the oldest, international organization. It was an assembly for the meeting of representatives from all over the world in order that they could exchange opinions and discuss the fundamental problems affecting mankind. His personal memory of the IPU was its constant concern for human rights. It was essential to guarantee that all people enjoyed the rights of freedom, justice dignity and solidarity. Some countries ignored these rights on one pretext or another. The struggle for human rights needed constant effort and dedication.

This was not a national problem; it was one faced by everybody. It was necessary to make human rights respected. Man had to live in an environment of freedom, but freedom within the law.

Man could not carry on scientific creation without being enabled to enjoy the excellence of pluralist organisations. Man wished to live in social justice, free from the exploitation of the poor by the powerful. He could not live in an environment that denied him the opportunity of being a thinking creature.

There was an anxiety about national independence in America, Africa and Asia. People were fighting to be masters of their own future. In America this had been the case with several countries in the past few years. They had taken on obligations so that they could, through integration, be guaranteed their independence.

It had been said that it was necessary to bear in mind the fact that the people of South America were not European. They included a combination of African and American people. There was a mixture of characteristics. Europeans were mixed together with Americans and Africans and they in turn had mixed with Indians.

There were fears of a population explosion and general impoverishment: Everyone was aware that it was necessary to develop full potential in the face of universal hunger. They were trying to do so by achieving an international economic order. The difficulty of developing countries was that their unity and solidarity did not always prove sufficient for them to understand each other. It was necessary to protect the price of raw materials. We had to establish conditions that were indispensable in terms of the strength of investment. It was necessary to attain the highest level of technology of which they were capable.

There was an important role for Parliament to play, not simply because it had the authority to legislate and control administration but because of the importance of historical and social evolution. On behalf of democracy, he welcomed the delegates to the Conference.

*The Inaugural Ceremony was concluded at 12.05 p.m.*



## APPENDIX B

VOTE ON UNITED KINGDOM GROUP REQUEST FOR  
THE INSERTION OF A SUPPLEMENTARY ITEM ON  
REFUGEES FROM VIET NAM

RESULT OF VOTE NUMBER CONF/79/1

UK REQUEST INSERT SUPPLEMENTARY ITEM REFUGEES FROM  
VIET NAM

Yes: 372

No: 262

Abs: 298

Total of valid votes: 634

2/3 Majority: 423

Motion Rejected

1	Indonesia (20)	Yes:	20	No:	0	Abs:	0
2	Ireland (11)	Yes:	1	No:	10	Abs:	0
3	Israel (11)	Yes:	11	No:	0	Abs:	0
4	Italy (17)	Yes:	0	No:	0	Abs:	15
5	Ivory Coast (12)	Yes:	0	No:	5	Abs:	0
6	Japan (20)	Yes:	15	No:	0	Abs:	0
7	Jordan (10)	Yes:	0	No:	0	Abs:	10
8	Kenya (13)	Yes:	0	No:	0	Abs:	13
9	Lebanon (9)	Yes:	0	No:	0	Abs:	9
10	Liberia (10)	Yes:	10	No:	0	Abs:	0
11	Luxembourg (9)	Yes:	9	No:	0	Abs:	0
12	Madagascar (12)			Absent			
13	Malawi (10)			Absent			
14	Malaysia (13)	Yes:	13	No:	0	Abs:	0
15	Mexico (16)	Yes:	0	No:	0	Abs:	16
16	Mongolia (11)	Yes:	0	No:	11	Abs:	0
17	Morocco (13)	Yes:	3	No:	0	Abs:	0
18	Mozambique (13)	Yes:	0	No:	13	Abs:	0
19	Nepal (13)	Yes:	0	No:	0	Abs:	13
20	Netherlands (13)	Yes:	13	No:	0	Abs:	0
21	New Zealand (10)	Yes:	10	No:	0	Abs:	0
22	Norway (11)	Yes:	0	No:	0	Abs:	11
23	Panama (11)			Not Participating			
24	Paraguay (10)			Absent			
25	Philippines (16)	Yes:	16	No:	0	Abs:	0
26	Poland (15)	Yes:	0	No:	10	Abs:	0
27	Portugal (12)	Yes:	8	No:	2	Abs:	0
28	Republic of Korea (15)	Yes:	15	No:	0	Abs:	0
29	Romania (14)	Yes:	0	No:	14	Abs:	0
30	Senegal (11)	Yes:	0	No:	0	Abs:	11
31	Singapore (10)	Yes:	10	No:	0	Abs:	0
32	Spain (15)	Yes:	9	No:	0	Abs:	6
33	Sri Lanka (13)	Yes:	0	No:	0	Abs:	13
34	Sudan (13)	Yes:	13	No:	0	Abs:	0
35	Suriname (9)	Yes:	9	No:	0	Abs:	0
36	Sweden (12)	Yes:	0	No:	0	Abs:	12
37	Switzerland (12)	Yes:	12	No:	0	Abs:	0
38	Syrian Arab Republic (12)	Yes:	0	No:	12	Abs:	0
39	Thailand (16)	Yes:	0	No:	0	Abs:	16
40	Tunisia (12)	Yes:	0	No:	12	Abs:	0
41	Turkey (16)	Yes:	0	No:	0	Abs:	16
42	United Arab Emirates (9)	Yes:	0	No:	0	Abs:	9

43	United Kingdom (17)	Yes:	17	No:	0	Abs:	0
44	United Rep. of Cameroon (12)	Yes:	0	No:	0	Abs:	12
45	United States of America (22)	Yes:	22	No:	0	Abs:	0
46	Upper Volta (11)			Absent			
47	USSR (22)	Yes:	0	No:	22	Abs:	0
48	Venezuela (12)	Yes:	0	No:	0	Abs:	12
49	Viet Nam (17)	Yes:	0	No:	15	Abs:	0
50	Yemen (11)			Absent			
51	Yugoslavia (14)	Yes:	0	No:	14	Abs:	0
52	Zaire (12)	Yes:	0	No:	0	Abs:	12
53	Zambia (12)	Yes:	0	No:	9	Abs:	0
54	Algeria (13)	Yes:	0	No:	13	Abs:	0
55	Australia (13)	Yes:	13	No:	0	Abs:	0
56	Austria (12)	Yes:	10	No:	0	Abs:	0
57	Bangladesh (18)	Yes:	18	No:	0	Abs:	0
58	Belgium (12)	Yes:	12	No:	0	Abs:	0
59	Brazil (20)	Yes:	20	No:	0	Abs:	0
60	Bulgaria (12)	Yes:	0	No:	12	Abs:	0
61	Canada (14)	Yes:	14	No:	0	Abs:	0
62	Costa Rica (10)	Yes:	10	No:	0	Abs:	0
63	Comoros (9)	Yes:	0	No:	0	Abs:	9
64	Cuba (12)	Yes:	0	No:	12	Abs:	0
65	Cyprus (9)	Yes:	0	No:	4	Abs:	5
66	Czechoslovakia (13)	Yes:	0	No:	13	Abs:	0
67	Dem. People's Rep. Korea (13)	Yes:	0	No:	13	Abs:	0
68	Democratic Yemen (11)	Yes:	0	No:	11	Abs:	0
69	Denmark (12)	Yes:	0	No:	0	Abs:	12
70	Dominican Republic (11)	Yes:	0	No:	0	Abs:	5
71	Ecuador (11)	Yes:	11	No:	0	Abs:	0
72	Egypt (15)	Yes:	0	No:	0	Abs:	15
73	Finland (11)	Yes:	1	No:	10	Abs:	0
74	France (15)	Yes:	9	No:	2	Abs:	4
75	Gabon (9)			Absent			
76	German Dem. Republic (13)	Yes:	0	No:	13	Abs:	0
77	Germany (Fed. Rep. of) (18)	Yes:	18	No:	0	Abs:	0
78	Greece (10)			Absent			
79	Guatemala (10)	Yes:	0	No:	0	Abs:	10
80	Haiti (11)	Yes:	0	No:	0	Abs:	11
81	Hungary (13)	Yes:	0	No:	10	Abs:	0
82	Iceland (9)			Absent			
83	India (21)	Yes:	0	No:	0	Abs:	21

## APPENDIX C

21 September 1979

RESULT OF THE VOTE OF THE  
INTER-PARLIAMENTARY CONFERENCE ON ITEM 4  
OF THE AGENDA: "THE MIDDLE EAST QUESTION  
AND THE PALESTINIAN PROBLEM"

Yes: 494

No: 110

Abs: 288

Total of valid votes: 604

Simple Majority: 303

Motion Carried

1	Indonesia (20)	Yes:	20	No:	0	Abs:	0
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2 Ireland (11)	Yes:	1	No:	10	Abs:	0	58 Bolivia (12)	Yes:	0	No:	0	Abs:	12
3 Israel (11)	Yes:	0	No:	11	Abs:	0	59 Brazil (20)	Yes:	10	No:	0	Abs:	0
4 Italy (17)	Yes:	0	No:	0	Abs:	5	60 Bulgaria (12)	Yes:	12	No:	0	Abs:	0
5 Ivory Coast (12)	Absent						61 Canada (14)	Yes:	0	No:	8	Abs:	6
6 Japan (20)	Yes:	10	No:	0	Abs:	0	62 Colombia (14)	Absent					
7 Jordan (10)	Yes:	10	No:	0	Abs:	0	63 Comoros (9)	Yes:	0	No:	0	Abs:	9
8 Kenya (13)	Yes:	5	No:	0	Abs:	0	64 Costa Rica (10)	Yes:	0	No:	4	Abs:	6
9 Lebanon (9)	Yes:	9	No:	0	Abs:	0	65 Cuba (12)	Yes:	12	No:	0	Abs:	0
10 Liberia (10)	Absent						66 Cyprus (9)	Yes:	9	No:	0	Abs:	0
11 Luxembourg (9)	Yes:	0	No:	9	Abs:	0	67 Czechoslovakia (13)	Yes:	13	No:	0	Abs:	0
12 Madagascar (12)	Absent						68 Dem. People's Rep. Korea (13)	Yes:	13	No:	0	Abs:	0
13 Malawi (10)	Yes:	0	No:	0	Abs:	10	69 Democratic Yemen (11)	Yes:	0	No:	0	Abs:	11
14 Malaysia (13)	Yes:	13	No:	0	Abs:	0	70 Denmark (12)	Yes:	0	No:	4	Abs:	8
15 Mexico (16)	Yes:	16	No:	0	Abs:	0	71 Dominican Republic (11)	Absent					
16 Mongolia (11)	Yes:	11	No:	0	Abs:	0	72 Ecuador (11)	Yes:	0	No:	0	Abs:	11
17 Morocco (13)	Yes:	13	No:	0	Abs:	0	73 Egypt (15)	Yes:	15	No:	0	Abs:	0
18 Mozambique (13)	Yes:	13	No:	0	Abs:	0	74 Finland (11)	Yes:	10	No:	1	Abs:	0
19 Nepal (13)	Yes:	13	No:	0	Abs:	0	75 France (15)	Yes:	0	No:	0	Abs:	10
20 Netherlands (13)	Yes:	0	No:	13	Abs:	0	76 German Dem. Republic (13)	Yes:	13	No:	0	Abs:	0
21 New Zealand (10)	Yes:	0	No:	0	Abs:	10	77 German (Fed. Rep. of) (18)	Yes:	0	No:	18	Abs:	0
22 Norway (11)	Yes:	0	No:	5	Abs:	6	78 Greece (10)	Yes:	8	No:	0	Abs:	2
23 Panama (11)	Absent						79 Guatemala (10)	Yes:	0	No:	0	Abs:	10
24 Paraguay (10)	Absent						80 Haiti (11)	Yes:	0	No:	0	Abs:	11
25 Philippines (16)	Yes:	16	No:	0	Abs:	0	81 Hungary (13)	Yes:	10	No:	0	Abs:	0
26 Poland (15)	Yes:	10	No:	0	Abs:	0	82 India (21)	Yes:	21	No:	0	Abs:	0
27 Portugal (12)	Yes:	7	No:	0	Abs:	5							
28 Republic of Korea (15)	Yes:	0	No:	0	Abs:	15							
29 Romania (14)	Yes:	14	No:	0	Abs:	0							
30 Senegal (11)	Yes:	11	No:	0	Abs:	0							
31 Singapore (10)	Yes:	10	No:	0	Abs:	0							
32 Spain (15)	Yes:	0	No:	0	Abs:	15							
33 Sri Lanka (13)	Yes:	13	No:	0	Abs:	0							
34 Sudan (13)	Yes:	13	No:	0	Abs:	0							
35 Suriname (9)	Yes:	0	No:	5	Abs:	4							
36 Sweden (12)	Yes:	0	No:	0	Abs:	12							
37 Switzerland (12)	Yes:	7	No:	0	Abs:	5							
38 Syrian Arab Republic (12)	Yes:	12	No:	0	Abs:	0							
39 Thailand (16)	Yes:	0	No:	0	Abs:	16							
40 Tunisia (12)	Yes:	12	No:	0	Abs:	0							
41 Turkey (16)	Yes:	16	No:	0	Abs:	0							
42 United Arab Emirates (9)	Yes:	9	No:	0	Abs:	0							
43 United Kingdom (17)	Yes:	0	No:	10	Abs:	7							
44 United Rep. of Cameroon (12)	Yes:	12	No:	0	Abs:	0							
45 United States of America (22)	Yes:	0	No:	12	Abs:	10							
46 USSR (22)	Yes:	10	No:	0	Abs:	0							
47 Venezuela (12)	Yes:	2	No:	0	Abs:	10							
48 Viet Nam (17)	Yes:	15	No:	0	Abs:	0							
49 Yemen (11)	Yes:	11	No:	0	Abs:	0							
50 Yugoslavia (14)	Yes:	14	No:	0	Abs:	0							
51 Zaire (12)	Yes:	0	No:	0	Abs:	12							
52 Zambia (12)	Absent												
53 Algeria (13)	Yes:	0	No:	0	Abs:	13							
54 Australia (13)	Yes:	0	No:	0	Abs:	13							
55 Austria (12)	Yes:	0	No:	0	Abs:	12							
56 Bangladesh (18)	Absent												
57 Belgium (12)	Yes:	0	No:	0	Abs:	12							

## APPENDIX D

21 September 1979

RESULTS OF THE VOTE ON THE RESOLUTION ON  
"THE LEGISLATIVE ASPECTS OF SPACE LAW"

Yes: 682

No: 39

Abs: 65

Total of valid votes: 721

Simple majority: 361

Motion carried

1 Indonesia (20)	Yes:	20	No:	0	Abs:	0
2 Ireland (11)	Yes:	11	No:	0	Abs:	0
3 Israel (11)	Absent					
4 Italy (17)	Absent					
5 Ivory Coast (12)	Yes:	5	No:	0	Abs:	0
6 Japan (20)	Yes:	10	No:	0	Abs:	0
7 Jordan (10)	Absent					
8 Kenya (13)	Absent					
9 Lebanon (9)	Yes:	9	No:	0	Abs:	0
10 Liberia (10)	Yes:	0	No:	0	Abs:	10
11 Luxembourg (9)	Yes:	0	No:	0	Abs:	9
12 Madagascar (12)	Absent					
13 Malawi (10)	Yes:	10	No:	0	Abs:	0
14 Malaysia (13)	Yes:	10	No:	0	Abs:	0
15 Mexico (16)	Yes:	16	No:	0	Abs:	0
16 Mongolia (11)	Yes:	11	No:	0	Abs:	0
17 Morocco (13)	Yes:	13	No:	0	Abs:	0
18 Mozambique (13)	Yes:	13	No:	0	Abs:	0
19 Nepal (13)	Yes:	13	No:	0	Abs:	0



20	Netherlands (13)	Yes:	13	No:	0	Abs:	0
21	New Zealand (10)	Yes:	0	No:	0	Abs:	10
22	Norway (11)	Yes:	11	No:	0	Abs:	0
23	Panama (11)	Absent					
24	Paraguay (10)	Absent					
25	Philippines (16)	Yes:	16	No:	0	Abs:	0
26	Poland (15)	Yes:	5	No:	0	Abs:	0
27	Portugal (12)	Yes:	12	No:	0	Abs:	0
28	Republic of Korea (15)	Yes:	15	No:	0	Abs:	0
29	Romania (14)	Yes:	14	No:	0	Abs:	0
30	Senegal (11)	Yes:	11	No:	0	Abs:	0
31	Singapore (10)	Yes:	10	No:	0	Abs:	0
32	Spain (15)	Yes:	15	No:	0	Abs:	0
33	Sri Lanka (13)	Yes:	13	No:	0	Abs:	0
34	Sudan (13)	Yes:	13	No:	0	Abs:	0
35	Surinam (9)	Yes:	8	No:	0	Abs:	1
36	Sweden (12)	Yes:	10	No:	0	Abs:	0
37	Switzerland (12)	Yes:	12	No:	0	Abs:	0
38	Syrian Arab Republic (12)	Absent					
39	Thailand (16)	Yes:	0	No:	0	Abs:	16
40	Tunisia (12)	Yes:	12	No:	0	Abs:	0
41	Turkey (16)	Yes:	10	No:	0	Abs:	6
42	United Arab Emirates (9)	Yes:	5	No:	0	Abs:	0
43	United Kingdom (17)	Yes:	0	No:	17	Abs:	0
44	United Rep. of Cameroon (12)	Yes:	12	No:	0	Abs:	0
45	United States of America (22)	Yes:	0	No:	22	Abs:	0
46	USSR (22)	Yes:	10	No:	0	Abs:	0
47	Venezuela (12)	Yes:	12	No:	0	Abs:	0
48	Viet Nam (17)	Absent					
49	Yemen (11)	Absent					
50	Yugoslavia (14)	Yes:	14	No:	0	Abs:	0
51	Zaire (12)	Yes:	12	No:	0	Abs:	0
52	Zambia (12)	Absent					
53	Algeria (13)	Yes:	13	No:	0	Abs:	0
54	Australia (13)	Yes:	13	No:	0	Abs:	0
55	Austria (12)	Yes:	7	No:	0	Abs:	5
56	Bangladesh (18)	Absent					
57	Belgium (12)	Yes:	12	No:	0	Abs:	0
58	Bolivia (12)	Yes:	12	No:	0	Abs:	0
59	Brazil (20)	Yes:	10	No:	0	Abs:	0
60	Bulgaria (12)	Yes:	12	No:	0	Abs:	0
61	Canada (14)	Yes:	14	No:	0	Abs:	0
62	Colombia (14)	Yes:	0	No:	0	Abs:	5
63	Comoros (9)	Absent					
64	Costa Rica (10)	Yes:	10	No:	0	Abs:	0
65	Cuba (12)	Yes:	12	No:	0	Abs:	0
66	Cyprus (9)	Yes:	6	No:	0	Abs:	3
67	Czechoslovakia (13)	Yes:	13	No:	0	Abs:	0
68	Dem. People's Rep. Korea (13)	Yes:	13	No:	0	Abs:	0
69	Democratic Yemen (11)	Yes:	11	No:	0	Abs:	0
70	Denmark (12)	Absent					
71	Dominican Republic (11)	Absent					
72	Ecuador (11)	Absent					
73	Egypt (15)	Yes:	15	No:	0	Abs:	0
74	Finland (11)	Yes:	11	No:	0	Abs:	0
75	France (15)	Yes:	10	No:	0	Abs:	0

76	German Dem. Republic (13)	Yes:	13	No:	0	Abs:	0
77	Germany (Fed. Rep. of) (18)	Yes:	18	No:	0	Abs:	0
78	Greece (10)	Yes:	10	No:	0	Abs:	0
79	Guatemala (10)	Yes:	10	No:	0	Abs:	0
80	Haiti (11)	Absent					
81	Hungary (13)	Yes:	10	No:	0	Abs:	0
82	India (21)	Yes:	21	No:	0	Abs:	0

## APPENDIX E

RESULTS OF THE VOTE OF THE CONFERENCE ON  
THE RESOLUTION ON ITEM 6 OF THE AGENDA:  
"IMPLEMENTATION OF THE UN  
RECOMMENDATIONS ON DECOLONIZATION"

Yes: 564

No: 25

Abs: 245

Total of valid votes: 589

Simple majority: 295

Motion carried

1	Indonesia (20)	Yes:	0	No:	20	Abs:	0
2	Ireland (11)	Yes:	11	No:	0	Abs:	0
3	Israel (11)	Yes:	0	No:	0	Abs:	10
4	Italy (17)	Absent					
5	Ivory Coast (12)	Yes:	5	No:	0	Abs:	0
6	Japan (20)	Yes:	0	No:	0	Abs:	10
7	Jordan (10)	Absent					
8	Kenya (13)	Yes:	10	No:	0	Abs:	0
9	Lebanon (13)	Yes:	10	No:	0	Abs:	9
10	Liberia (10)	Yes:	0	No:	0	Abs:	0
11	Luxembourg (9)	Yes:	9	No:	0	Abs:	0
12	Madagascar (12)	Absent					
13	Malawi (10)	Yes:	10	No:	0	Abs:	0
14	Malaysia (13)	Yes:	0	No:	0	Abs:	5
15	Mexico (16)	Yes:	16	No:	0	Abs:	0
16	Mongolia (11)	Yes:	10	No:	0	Abs:	0
17	Morocco (13)	Yes:	0	No:	0	Abs:	13
18	Mozambique (13)	Yes:	13	No:	0	Abs:	0
19	Nepal (13)	Yes:	13	No:	0	Abs:	0
20	Netherlands (13)	Yes:	0	No:	0	Abs:	13
21	New Zealand (10)	Yes:	0	No:	0	Abs:	10
22	Norway (11)	Yes:	11	No:	0	Abs:	0
23	Panama (11)	Absent					
24	Paraguay (10)	Absent					
25	Philippines (16)	Yes:	0	No:	0	Abs:	16
26	Poland (15)	Yes:	10	No:	0	Abs:	0
27	Portugal (12)	Yes:	10	No:	0	Abs:	2
28	Republic of Korea (15)	Yes:	15	No:	0	Abs:	0
29	Romania (14)	Yes:	14	No:	0	Abs:	0
30	Senegal (11)	Yes:	11	No:	0	Abs:	10
31	Singapore (10)	Yes:	0	No:	0	Abs:	0
32	Spain (15)	Yes:	15	No:	0	Abs:	0
33	Sri Lanka (13)	Yes:	13	No:	0	Abs:	0
34	Sudan (13)	Yes:	10	No:	0	Abs:	0
35	Surinam (9)	Yes:	9	No:	0	Abs:	0
36	Sweden (12)	Yes:	0	No:	0	Abs:	12

37	Switzerland (12)	Yes:	0	No:	0	Abs:	12
38	Syrian Arab Republic (12)	Yes:	12	No:	0	Abs:	0
39	Thailand (19)	Yes:	0	No:	0	Abs:	15
40	Tunisia (12)	Yes:	12	No:	0	Abs:	0
41	Turkey (16)	Yes:	10	No:	0	Abs:	0
42	United Arab Emirates (9)	Absent					
43	United Kingdom (17)	Yes:	0	No:	0	Abs:	17
44	United Rep. of Cameroon (12)	Yes:	12	No:	0	Abs:	0
45	United States of America (22)	Yes:	0	No:	0	Abs:	22
46	USSR (22)	Yes:	10	No:	0	Abs:	0
47	Venezuela (12)	Yes:	12	No:	0	Abs:	0
48	Viet Nam (17)	Absent					
49	Yemen (11)	Yes:	11	No:	0	Abs:	0
50	Yugoslavia (14)	Yes:	14	No:	0	Abs:	0
51	Zaire (12)	Yes:	12	No:	0	Abs:	0
52	Zambia (12)	Absent					
53	Algeria (13)	Yes:	13	No:	0	Abs:	0
54	Australia (13)	Yes:	6	No:	0	Abs:	7
55	Austria (12)	Yes:	3	No:	0	Abs:	9
56	Bangladesh (18)	Absent					
57	Belgium (12)	Yes:	12	No:	0	Abs:	0
58	Bolivia (12)	Yes:	12	No:	0	Abs:	0
59	Brazil (20)	Yes:	0	No:	0	Abs:	10
60	Bulgaria (12)	Yes:	12	No:	0	Abs:	0
61	Canada (14)	Yes:	10	No:	3	Abs:	1
62	Colombia (14)	Absent					
63	Comoros (9)	Absent					
64	Costa Rica (10)	Yes:	10	No:	0	Abs:	0
65	Cuba (12)	Yes:	12	No:	0	Abs:	0
66	Cyprus (9)	Yes:	9	No:	0	Abs:	0
67	Czechoslovakia (13)	Yes:	13	No:	0	Abs:	0
68	Dem. People's Rep. Korea (13)	Yes:	13	No:	0	Abs:	0
69	Democratic Yemen (11)	Yes:	11	No:	0	Abs:	0
70	Denmark (12)	Yes:	6	No:	2	Abs:	4
71	Dominican Republic (11)	Absent					
72	Ecuador (11)	Absent					
73	Egypt (15)	Yes:	15	No:	0	Abs:	0
74	Finland (11)	Yes:	11	No:	0	Abs:	0
75	France (15)	Yes:	0	No:	0	Abs:	0
76	German Dem. Republic (13)	Yes:	13	No:	0	Abs:	0
77	Germany (Fed. Rep. of) (18)	Yes:	0	No:	0	Abs:	18
78	Greece (10)	Yes:	10	No:	0	Abs:	0
79	Guatemala (10)	Yes:	0	No:	0	Abs:	10
80	Haiti (11)	Yes:	0	No:	0	Abs:	11
81	Hungary (13)	Yes:	10	No:	0	Abs:	0
82	India (21)	Yes:	21	No:	0	Abs:	0

Case No. ARG/17—Juan Manuel Ramirez  
Resolution adopted unanimously

Case No. ARG/18—Antonio Isaac Guerrero  
Resolution adopted unanimously

#### *Bahrain*

Case No. BAH/01—Mohsen Marhoun  
Resolution adopted unanimously

Case No. BAH/02—Mohamed Jabir Subah Siyyadi  
Resolution adopted unanimously

#### *Brazil*

Case No. BRE/01—Marcelo Gatto

Case No. BRE/02—Nelson Fabiano Sobrinho

Case No. BRE/03—Nadir Rossetti

Case No. BRE/04—Amauri Muller

Case No. BRE/05—Lysaneas Maciel

Case No. BRE/06—Marcos Tito

Case No. BRE/07—Alencar Furtado  
Resolution adopted by 65 Votes to 1, with 14 abstentions

#### *Chile*

Case No. CHI/02—Carlos Lorca Tobar  
Resolution adopted unanimously

Case No. CHI/06—Vicente Atencio Cortes  
Resolution adopted unanimously

#### *Guatemala*

Case No. GUA/01—Alberto Fuentes-Mohr (murdered)  
Resolution adopted unanimously

#### *Indonesia*

Case No. IDS/04—Eddy Abdurachman Martalogawa

Case No. IDS/05—Richard Paingot Situmeang

Case No. IDS/08—Karel Supit  
Resolution adopted by 70 Votes to 11, with 12 abstentions

Case No. IDS/07—Abdurachman Sundari  
Resolution adopted by 70 Votes to 9, with 9 abstentions

#### *Singapore*

Case No. SING/01—Lee Tee Tong  
Resolution adopted by 112 Votes to 11, with 24 abstentions

#### *Uruguay*

Case No. URG/02—Jose Luis Massera Lerena  
Resolution adopted unanimously

Case No. URG/03—Jaime Gerschuni Perez  
Resolution adopted unanimously

Case No. URG/05—Vladimir Ilitch Turiansky  
Resolution adopted unanimously

Case No. URG/06—Alberto Altesor Gonzales  
Resolution adopted unanimously

#### APPENDIX F

LIST OF CASES ON WHICH THE INTER-PARLIAMENTARY  
COUNCIL ADOPTED RESOLUTIONS RESULTING FROM THE  
REPORT BY THE SPECIAL COMMITTEE ON VIOLATIONS OF THE  
HUMAN RIGHTS OF PARLIAMENTARIANS

#### *Argentina*

Case No. ARG/08—Luis Agustin Carnevali  
Resolution adopted unanimously



Case No. URG/07—Rosario Pietrarroia Zapala  
Resolution adopted unanimously

Case No. URG/08—Gerardo Cuesta Villa  
Resolution adopted unanimously

## APPENDIX G

# THE HUMAN RIGHTS SITUATION IN LATIN AMERICA, PARTICULARLY IN ARGENTINA, CHILE, NICARAGUA AND URUGUAY

(Resolution adopted unanimously by the Inter-Parliamentary Council at its 125th session)  
(Caracas, 21 September 1979)

The Inter-Parliamentary Council,

*Having examined* the report of the Special Committee on the situation of human rights in Latin America, particularly in Argentina, Chile, Nicaragua and Uruguay, established by the Council at its 124th session in April 1979 and which met at Geneva from 10 to 13 July 1979,

1. *Takes note* of Chapter I of the report, entitled "The human rights situation in Latin America", in which the general situation with regard to human rights is examined;

2. *Approves* Chapters II, III and V of the report on the situation in Argentina, Chile and Uruguay, and *endorses* the recommendations contained in those chapters;

3. *Expresses particular concern* about the fate of missing persons in Argentina in the light of the promulgation of Law No. 22088 of 12 September 1979, which enables the authorities to declare that such persons are presumed dead;

4. *Takes note* of Chapter IV of the report on the situation in Nicaragua, as well as of the changes which have occurred in that country since the report was prepared; *views* with profound satisfaction the end of the dictatorial régime, *salutes* the people of Nicaragua at the beginning of their process of democratization and *hopes* to be able to count on the presence in its midst, at an early date, of parliamentarians elected at free elections expressing the will of the people of Nicaragua;

5. *Recommends* to the National Groups:

(a) To ensure the widest possible distribution of the report of the Special Committee and in particular to bring this document to the attention of their respective Parliaments and Governments so that they may take appropriate action and make its contents known to public opinion;

(b) To request their Governments to refrain from granting military or financial assistance to the Governments of Argentina, Chile and Uruguay, without prejudice to the humanitarian assistance given to the people of those countries;

(c) To do all in their power to ensure that their respective States accede, if they have not already done so, as soon as possible and without reservations to the 1951 Convention on the Status of Refugees and the 1967 Protocol; to ensure that possible reservations are removed; and to

promote, as soon as possible, domestic legislation permitting the implementation of these instruments;

(d) To sponsor exiled Latin American parliamentarians in order to ensure their return to their countries;

(e) To inform the Secretary General regularly of the measures taken and the results achieved;

6. *Requests* the Secretary General to transmit the report of the Special Committee and this resolution of the Council to the authorities of the countries concerned and to all competent organizations;

7. *Requests* the Special Committee to continue its work and to report on the human rights situation in Chile, Argentina and Uruguay to the forthcoming session of the Council to be held at Oslo in April 1980.

## APPENDIX H

# INTERNATIONAL CONFERENCE OF PARLIAMENTARIANS ON POPULATION AND DEVELOPMENT

(Resolution adopted unanimously by the Inter-Parliamentary Council at its 125th session)  
(Caracas, 16 September 1979)

The Inter-Parliamentary Council,

*Having studied* the report of the Secretary General on the results of the International Conference of Parliamentarians on Population and Development, co-sponsored by the Inter-Parliamentary Union and the United Nations Fund for Population Activities (UNFPA), which was held in Colombo from 28 August to 1 September 1979,

*Considering* that, in its Final Declaration, the Conference requested the Inter-Parliamentary Union to give particular attention to the problems of population and development, and to undertake and support all appropriate action in this field,

*Considering* that the action contemplated includes, in particular, the organization of regional and sub-regional interparliamentary meetings,

1. *Thanks* the National Group of Sri Lanka for its generous hospitality;

2. *Takes note with satisfaction* of the results of the Conference;

3. *Considers* that the Inter-Parliamentary Union should give active assistance to the implementation of the objectives defined by the Conference;

4. *Recommends* to the National Groups:

(a) To support, in the context of their Parliaments and Governments, the recommendations of the Final Declaration;

(b) To support the national and regional programmes of the United Nations Fund for Population Activities;

(c) To follow all population problems with particular attention;

(d) To encourage all initiatives for the study of population problems in the appropriate bodies of their Parliaments;

5. *Requests* the Economic and Social Committee to consider the inclusion in its agenda of the topic "Population and development" for debate at a future Inter-Parliamentary Conference;

6. *Requests* the Secretary General to study with the Executive Director of the United Nations Fund for Population Activities the ways and means of continuing the co-operation undertaken in this field and to report to the Council at its next session.

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APPENDIX I

1980 WORK PROGRAM FOR THE STUDY  
COMMITTEES OF THE INTER-PARLIAMENTARY  
UNION

1. *Committee on Political Questions, International Security and Disarmament*

The strengthening of the process of détente; the urgent need to arrive at international agreements in the field of

arms control and disarmament and in particular the comprehensive strengthening of the nuclear non-proliferation regime

2. *Committee on Parliamentary, Juridical and Human Rights Questions*

The problem of refugees: its juridical and humanitarian aspects

3. *Economic and Social Committee and Committee on Education, Science, Culture and Environment*

The Third U.N. Development Decade: its economic, social, educational, scientific, cultural and environmental aspects

4. *Committee on Non-Self Governing Territories and Ethnic Questions*

Progress towards the achievement of decolonization including the full implementation of the peoples' right to self determination

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## THE SENATE

Thursday, November 22, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### THE ECONOMY

#### BANNING OF 1.5 LITRE SOFT DRINK BOTTLES—SPEAKER'S RULING ON POINT OF ORDER

**The Hon. the Speaker:** Honourable senators, before I proceed to call the order of business, I have the duty to respond to a request from two honourable senators for consideration of a point of order that was raised at Monday night's sitting of the Senate.

Honourable senators will recall that when the Senate adjourned at that time the point of order was left in abeyance with a request that it be taken under advisement by the Chair and a report made to the Senate.

Perhaps I should recite the circumstances very briefly. A debate was under way on an inquiry in the name of Senator Fournier (Madawaska-Restigouche) concerning the bottling of certain soft drinks. Senator Deschatelets spoke to the inquiry and then moved as follows:

—honourable senators, I move, seconded by the Honourable Senator Edgar Fournier (Madawaska-Restigouche), that the matter regarding the adverse effects on the Canadian economy of the banning of the 1.5 litre bottles from the soft drink producers in Canada be referred to the Standing Senate Committee on Banking, Trade and Commerce.

At that point the Leader of the Government, the Honourable Senator Flynn, P.C., said:

—I rise on a point of order.

He said:

—I am opposed to the procedure whereby during an inquiry, which is only debating a certain matter, a motion is made to refer the matter to a committee without due notice. Normally any motion of that kind would require at least one day's notice.

Senator Deschatelets then said he believed that the motion, without notice, was justified by at least one precedent. He then cited the precedent, which is found in the *Journals of the Senate* of May 27, 1975 at page 380. I might say that in Senate *Hansard* for November 19, 1979, the year was given incorrectly as 1978. The point was raised in 1975. Senator Deschatelets then suggested that the matter be taken under advisement.

● (1400)

Senator Flynn said it may have occurred before but perhaps it was not an applicable precedent and asked that it be taken

under advisement. Other senators made several suggestions following that as to which committee the inquiry might be referred.

I have given very careful consideration to the matter and have consulted the authorities, as they appeared to be appropriate.

The point of order was, as I understood it, that notice was required before that question could be put. The position taken by Senator Deschatelets was that no notice was required because of a precedent set in 1975 and, presumably, that rule 46(b) was applicable.

Perhaps I may deal with the precedent first. I realize I am treading on ground where angels should fear to tread, because the precedent was cited by a distinguished former Speaker, Senator Deschatelets, one who, we all know, knows the rules thoroughly. The precedent took place when another distinguished ex-Speaker was in the Chair. I refer, of course, to Senator Lapointe. Therefore, I tread very gently on the question of the precedent.

However, the decision I reach is that the precedent is not applicable. The reason for that is, very briefly, that since that time there has been a very substantial change made to our rules, which, I believe, changes the whole situation. Senator Deschatelets was on firm ground in respect to the precedent at that time. The circumstances are almost identical. At that time there was a debate on an inquiry in progress in the Senate. The inquiry was from Senator Desruisseaux, and Senator Asselin moved that the subject matter of the inquiry be referred to a committee. As I say, therefore, the circumstances are identical. Why, then, do I say that the precedent is not applicable? The reason is that in the meantime, as honourable senators may recall, there has been a thorough revision of our rules, and a new rule book came into force in October, 1977. These changes in the rules are the reason for my statement that the precedent is not applicable.

It is interesting & ednote that of the changes to which I refer, two of the most important relate to the definition of "inquiry" and to the definition of "question". Rule 46, which I take to be the only authority that may be cited for moving a motion without notice, reads in part as follows:

46. No notice is required of the following motions:

Subparagraph (b) of this rule reads:

(b) for the referral of the question to a committee;

I need hardly say, honourable senators, that I searched the rules very carefully to see if I could find anywhere a justification for referring the motion before us on Monday night to a committee without notice. I was unable to find, particularly in

rule 46, dealing with motions for which no notice is required, anything other than 46(b), which might justify it.

Again, why do I say that I do not believe that 46(b) offers the requisite justification? This is because of the change in our rules, which define "question" very narrowly. It appeared to the rules committee at that time, I understand, that there was some confusion about the interpretation that should be made in respect of various words that have more or less similar meanings: "inquiry", "interrogation", "question", and even "motion".

The new rule 5(n) now reads:

(n) "question", except in respect of the question period and a question of privilege, means a proposal presented to the Senate or a committee thereof by the Speaker or chairman for consideration and disposal in some manner;

In view of that definition I have to rule that in my view 46(b) does not apply, because at that time what was before the Senate was not a question but a motion, and in case the matter arises again I call the attention of honourable senators to the word "the" in rule 46. It reads, "*the* question" before the Senate. It would seem obvious to me that this is a general reference to a situation that is before us very often. I refer to occasions when a question has been put by the Chair, is read a second time, and then there is the normal motion that it be referred to a committee, but at that time a question *is* before the Senate. With all due respect for the knowledge and understanding of the rules of Senator Deschatelets, I find it necessary to rule that notice of his motion was required. I am sure Senator Deschatelets understands the many options that are now open to him.

I trust that my ruling will be acceptable to honourable senators.

**Hon. Senators:** Hear, hear.

● (1410)

## DOCUMENTS TABLED

**Senator Flynn** tabled:

Reports of agreements made under the *Agricultural Products Co-operative Marketing Act* for the fiscal years ended March 31, 1977, 1978 and 1979, pursuant to section 7 of the said Act, Chapter A-6, R.S.C., 1970.

## STANDING RULES AND ORDERS

### SECOND REPORT OF COMMITTEE PRESENTED

**Senator Molson**, Chairman of the Committee on Standing Rules and Orders, presented the following report:

Thursday, November 22, 1979

The Committee on Standing Rules and Orders has examined Rule 104 of the Rules of the Senate and presents its Second Report as follows:

Your Committee recommends that Rule 104 of the Rules of the Senate be amended by adding thereto the following subsection:

[The Hon. the Speaker:]

(4) In the absence of a message referred to in subsection (1), a senator who so desires may voluntarily appear before any Committee of the House of Commons.

Respectfully submitted,

H. de M. Molson,

*Chairman.*

**The Hon. the Speaker:** When shall this report be taken into consideration?

**Senator Molson:** Honourable senators, I intend to move that the report be taken into consideration at the next sitting of the Senate. However, I should like at this time, with leave, to say a few words about the matter.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

**Senator Molson:** Honourable senators, rule 104 has been in place for a very long time. It is, historically, an old rule, its intent being to preserve the independence of the Senate.

Your committee was loath to change that or in any way ease the preservation of the Senate's independence. However, it seemed not unreasonable that when a senator, of his own free will, chose to give evidence before a Commons committee or appear before a Commons committee, he should be allowed to do so, the point being that he would do so of his own free will.

This matter was referred to the committee as a result of questions raised in the chamber as to whether a minister sitting in the Senate should or should not seek the permission of the chamber before appearing before a Commons committee, but it would apply equally to all honourable senators.

In the light of modern-day conditions, it does not seem unreasonable that a senator be permitted to appear before such a committee if he or she so chooses.

With those few remarks, I now move that the report be placed on the Orders of the Day for consideration at the next sitting.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Senator Roblin:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, November 27, 1979, at 8 o'clock in the evening.

Motion agreed to.



## QUESTION PERIOD

### FOREIGN AFFAIRS

#### SITUATION IN MIDDLE EAST

**Senator Perrault:** Honourable senators, I have a question for the Minister of State for CIDA. May I ask the minister whether any further reports have been received with respect to the situation in the Middle East, particularly where the interests of Canada and Canadians may be involved?

[Translation]

**Senator Asselin:** Honourable senators, at the end of the question period, if I may, I shall make a statement in reply to the questions put to me yesterday by the Leader of the Opposition and other senators.

In short, I can say that the situation in the conflict is about the same. Of course, it seems to have become more explosive in that the students in Iran are now threatening the lives of the hostages if the United States should decide to intervene militarily.

I must say that the situation is now being looked into very closely by the Secretary General of the United Nations. We do hope the mediation of the Secretary General, which he is seriously considering at this point, will help to improve the situation.

[English]

**Senator Perrault:** I should further like to ask the Minister of State for CIDA whether Canada's representatives in Iran—our External Affairs personnel—continue to be actively involved in initiatives to attempt to resolve the situation.

[Translation]

**Senator Asselin:** As I have already said, our ambassador in Iran meets privately, not officially, with his counterparts from other countries every day.

I might add that our ambassador, again very discreetly, has made representations to the authorities in Iran and informed them of the position of Canada on the American-Iranian conflict.

Moreover, our ambassador is ready to act as intermediary at a moment's notice, should either party wish to call upon Canada to act as middleman in an effort to make some progress in the current conflict.

Naturally, one cannot give the details you are asking me for, I am sure, about the steps taken by our ambassador. We are dealing here with private conversations. I have been asked to keep them confidential.

[English]

**Senator Olson:** The minister made reference to the activities of the Secretary General of the United Nations, but I suppose the minister cannot tell us when the Secretary General will give a report, if he does, indeed, intend to do some mediation. Is the extent of the U.N. activity confined to the Secretary

General or has there been some attempt to refer this matter to the Security Council?

[Translation]

**Senator Asselin:** Honourable senators, I believe I have already told the Senate that the Secretary General of the United Nations has already taken a position in the conflict. I believe all members of the United Nations have condemned the attitude of Iran. This is not something new, the Senate is aware of that.

In addition, the Secretary General of the United Nations has also condemned publicly the attitude of the Iranian students with regard to the American embassy.

We have just been told that the Secretary General is taking new initiatives about which we know very little. But we do hope he will succeed in his endeavour.

• (1420)

[English]

### CROWN CORPORATIONS

#### PETRO-CANADA—REPORT OF TASK FORCE—GOVERNMENT POLICY

**Senator Perrault:** Honourable senators, my question is for the minister responsible for economic development. Recent reports would indicate that the government is finding the report and recommendations of its task force on the dismantling of Petro-Canada to be less than satisfactory or acceptable. At least, that is the nature of some of the reports. Instead of following the task force's suggestion of giving shares in a small, private, profitable Petro-Canada to all Canadian citizens, one report involves the concept of making certain shares available for sale to all Canadians of legal age.

Can the minister confirm the accuracy of these reports? If so, will he explain the rationale behind the apparent change in government thinking on the issue?

**Senator de Cotret:** As the honourable senator is well aware, the question of the privatization of Petro-Canada was referred to a task force. We received the report some time ago. The report has been under active consideration. Recommendations are before cabinet at the moment. We expect to be in the position in a fairly reasonable period of time to announce exactly how the government intends to proceed with the matter of Petro-Canada.

**Senator Perrault:** May I ask the minister, then, to tell other honourable senators whether the options which are being studied by the government include the possibility of abandoning altogether the idea of dismantling Petro-Canada? I ask that question in the light of the recent by-election results in this country in which the issue of Petro-Canada figured prominently. Certainly, the results of those by-elections indicate a clear repudiation of the government's insistence that they must proceed in this direction.

**Senator de Cotret:** I will not claim to be able to be quite as precise in the interpretation of the results as the honourable senator seems to claim. I will just say that a number of options

are being considered by cabinet at the moment with respect to Petro-Canada.

**Senator Perrault:** Is the abandonment of the idea one of them?

**Senator de Cotret:** Obviously, the subject of the task force report is front and foremost in our deliberations and we will be in a position to announce in the very near future our intended action with respect to Petro-Canada.

**Senator Perrault:** Would the minister, however, not agree that this prolonged period, this hiatus, this period of agonizing reappraisal is doing little to assist that agency, is doing little to advance the interests of Canadians with respect to the development of a coherent oil policy?

There is a continuing cloud of uncertainty over Canada's national oil policy. Surely at this time the minister will provide us with at least a specific timetable for action on this issue. When does the government intend to make the decision?

Mr. Minister, before you answer may I say that on so many of these issues either there are studies proceeding or the matters are being taken under consideration or there is a report being awaited or we are told that a joint committee will ultimately bring in some determination. Can we now have a specific, firm timetable for a decision on this matter?

**Senator de Cotret:** First of all, I think the only anguish that exists in this situation is among the members opposite.

**Senator Olson:** No!

**Senator de Cotret:** There is certainly no anguish on my part. You know, I can understand from the perspective of members opposite, who may be more used than we are on this side to shooting from the hip, that a question of study and careful thought is difficult to accept.

**An Hon. Senator:** Oh, come on!

**Senator de Cotret:** And it is anguishing! Anguishing! Particularly when it is beneficial to the interests of this country. When you talk about an oil policy, when you talk about an energy policy, I think I have made the position of my government very clear on that matter. We are actively pursuing a comprehensive energy policy that will see this country self-sufficient by the year 1990, and no longer subject to the vagaries of price.

**Senator Hays:** How long is that study going to take?

**Senator de Cotret:** I can tell you that we will have an announcement on the overall energy package very soon indeed—much sooner than the years and years and years that have been spent by the former government.

## ROYAL CANADIAN MOUNTED POLICE

### AUTHORIZATION FOR ILLEGAL ACTS

**Senator Haidasz:** Honourable senators, I have a question for the government leader. In view of the lingering confusion and disturbing views in recent press reports on RCMP activities, could the leader state clearly whether it is a federal

government intention, or even present policy, to allow the RCMP to perform illegal acts with the permission of a minister?

**Senator Flynn:** No, not without proper legislation.

**Senator Haidasz:** I have a supplementary question. Would the minister inform this chamber whether the press is correct in stating that Canadian espionage operations have ceased because of the Macdonald Commission, confusion of government policy and budget cuts by Treasury Board?

**Senator Flynn:** I would have to study that phrase to understand it. Perhaps you can explain it to me.

**Senator Haidasz:** I have another supplementary question for the minister. Would he inform this chamber when we can expect government legislation on illegal RCMP activities?

**Senator Flynn:** Of course, it would be very desirable to have the report of the Macdonald Commission. Legislation, however, depends in part upon whether this report will be presented soon enough to cope with the situation.

## SPORTS

### WORLD JUNIOR HOCKEY TOURNAMENT

**Senator Buckwold:** Honourable senators, I have a question for the Leader of the Government, which I would ask him to pass on to the Minister of State for Fitness and Amateur Sport and Multiculturalism. I am sure I speak for a large number of Canadians when I say that they have been disturbed by the announcement that Canada has pulled out of the World Junior Hockey Tournament, which is to be held in December of this year in Finland.

I think the Leader of the Government is aware that I was Chairman of the Committee on International Hockey, whose members included representatives of the House of Commons of all parties, and I am sure he will be glad to know that this question is not in any way politically oriented. Some of us are very concerned at this development.

**Senator Asselin:** Are you still the chairman?

**Senator Buckwold:** The committee is no longer operative.

**Senator Asselin:** Shall we revive the committee?

**Senator Buckwold:** If you want to give me another job with high pay, certainly.

This is a serious question, because most Canadians consider that hockey is a very important sport. In the international world of ice hockey Canada is an important member, and is, as a matter of fact, a major drawing card. I think it is regrettable that this situation has developed.

My two questions to the Leader of the Government, which I presume he will take as notice, are: First, will the minister give a detailed account of the background that led to this unfortunate decision, and inform us whether this was because of money, or because of an inability to find a suitable national team as opposed to a club team, or because of some problem



related to the relationship between Sports Canada, Hockey Canada and the Canadian Amateur Hockey Association?

Secondly, will the minister involve himself personally with the objective of enabling a Canadian team to be iced at the world ice hockey junior championship this year, and will he use his good offices to try to ensure a Canadian entry?

**Senator Flynn:** I shall certainly take that question as notice. May I say that I appreciate the continuing interest of Senator Buckwold in this area of sports, and I take this opportunity to thank him for what he has done up to now.

**Hon. Senators:** Hear, hear.

## AGRICULTURE

### CHICKEN IMPORT QUOTAS—RENEGOTIATION OF CANADA-UNITED STATES AGREEMENT

**Senator Argue:** I should like to direct a question to the Minister of Industry, Trade and Commerce. It arises out of a report in the *Globe and Mail* of November 20, that the Quebec Minister of Agriculture, Jean Garon, had stated that the Canadian poultry industry was threatened with bankruptcy as a result of the chicken import quota agreement with the United States.

**Senator Flynn:** Do you believe him?

**Senator Argue:** He has also stated that Quebec will consider pulling out of the national marketing plan unless import levels are changed substantially. There seems to be real chaos and confusion in the industry on this whole question. If I am correctly informed, I believe there is a meeting tomorrow morning between the Minister of Industry, Trade and Commerce, the Minister of Agriculture and a delegation from Quebec and Ontario producers, and others. Will the minister say whether at this forthcoming meeting the question of negotiating the quotas will be discussed and considered?

● (1430)

**Senator de Cotret:** The meeting to which the honourable senator is referring, to the best of my knowledge and from looking at my schedule, is that between myself, the federal Minister of Agriculture and the Minister of Agriculture for Ontario. I am not aware that there will be a Quebec delegation or, for that matter, representatives from the producers, but there may well be. It is a meeting at which I am sure the whole issue will be put on the table, and I am certain there will be questions about our ability to renegotiate the agreements that were reached between ourselves and the U.S. earlier this year.

As I did in this chamber in answers to questions raised by honourable senators previously, I will explain the basis on which negotiations were carried out and the overall framework of GATT. I will endeavour to explain to all concerned, with as much candor as is humanly possible, exactly the situation that we now face and the reason why the quota was set the way it was.

**Senator Argue:** Honourable senators, I am unable to agree with that explanation because mistakes have been made all along the way.

I would ask the minister a question specifically about supplementary quotas for the importation of chicken for the manufacture of products not wholly composed of chicken. In a publication put out by the department, *Export and Import Permits Act*, dated October 19, it says on this point:

An import permit supplementary to the annual quota may be issued if chicken is not available in Canada at a price to allow Canadian processors to compete with comparable imported products.

Would the minister agree that this provision allows imports into Canada at the competitive U.S. price for chicken imported into Canada; and this supplementary quota, as it reads here, could open the whole area of imports of U.S. chicken and will destroy the Canadian industry?

We have the quota that has been set and established. Could the minister explain why these supplementary quotas are based on competition with comparable imported products? It seems to me that it goes against the whole idea of stability based on the Canadian market and on the Canadian price.

**Senator de Cotret:** I shall have to verify the precise language of the agreement. I can assure the honourable senator that the only condition under which supplementary import permits are considered is not price, but the out-and-out availability of chicken in the domestic market.

**Senator Argue:** What I read seems to be in contradiction to what the minister has now stated. I would appreciate further explanation.

**Senator de Cotret:** No one gets a supplementary quota unless I sign it. I am telling the honourable senator that I will sign those supplementary import permits only if I am satisfied that there is no domestic supply of the product, and only in an interim period, to allow for the adjustment from the level of 65 million pounds that we were importing up to October 22 to the lower level of 45 million pounds that we will be importing from now on.

**Senator Argue:** I appreciate the minister's explanation—I shall have to read it in *Hansard*—but does he not feel that he himself should be informed on what is being sent out by his department? With great respect, the minister should be looking at these publications before they are issued, and should not try to rewrite them after they are issued, although the rewriting is most important.

**Senator de Cotret:** When I addressed the question of that particular news release, I believe I explained to honourable senators that I was quite dismayed that the news release had been published before I made my comments to this chamber a day or two later, but that in the general thrust of the release my concerns had been considered in terms particularly of the base time period that was used in the allocation of quotas. At that point I indicated I was not satisfied with that process, and I have taken steps to ensure that that will not happen again. I would reiterate to the honourable senator that I am fully aware of his concern, and I share it.

## THE ECONOMY

### EFFECT OF DOMESTIC OIL PRICE INCREASE

**Senator Steuart:** Honourable senators, I should like to direct a question to the Minister of State for Economic Development. Canadians are deeply concerned about the rising cost of energy and are not the least bit comforted by the unfeeling statement of the Minister of Finance, the Honourable John Crosbie, to the effect that no one really objects to paying more for oil.

In the west, for example, some farmers will find themselves paying \$3,000 to \$4,000 a year more for their fuel. In the long term that could be even more serious than the federal government's thinking on the Crowsnest rate for the movement of grain.

My question is: Is the government's planned \$4 per barrel increase in the cost of Canadian oil inevitable, or will the government reconsider its rush to higher domestic oil prices in the light of the growing evidence of the disruption that such a quick and massive price hike will bring about to the Canadian economy and Canadians everywhere? I am speaking particularly for western farmers.

**Senator de Cotret:** I should like to reiterate the policy of this government, that we are committed to moving the Canadian price of domestic oil toward—not to but toward—world levels. We are committed to maintaining the domestic price of crude at a level somewhat lower than that prevailing in the United States, to maintain a competitive position. We feel, as do the vast majority of our premiers, that such a policy is necessary if we are to ensure self-sufficiency in energy by 1990, and we feel and believe strongly that self-sufficiency is a desirable, necessary goal, if we are to ensure the stability of supply that is required for our economic development in the years beyond.

**Senator Steuart:** I am sure that Premier Davis will find some objection to your statement.

**Senator Flynn:** What about Blakeney?

**Senator Steuart:** Blakeney has enough oil to make Ontario mad. So Premier Blakeney agrees with what you are doing.

**Senator Flynn:** Try that at the next provincial election.

**Senator Steuart:** I will, indeed. We just tried it in the by-election, and you know what happened.

**Senator Flynn:** Yes.

**Senator Steuart:** We won one and we lost one. You fellows got wiped out in two. As a matter of fact, you lost more votes in Prince Albert than we got.

In the meantime, as a supplementary, will the government consider some form of compensation to western farmers to alleviate the tremendous burden placed on them not only for fuel costs, but for such things as fertilizer, in consideration of the fact that at the other end they have absolutely no control over the prices they receive?

**Senator de Cotret:** As I believe I have mentioned a number of times before, when we are talking about energy policy it goes far beyond the question of setting energy prices. If it were

only a question of setting energy prices there would probably have been agreement a long time ago. We are talking about a much more comprehensive policy, to deal not only with the setting of prices, with the revenue sharing, but also having to deal very importantly with both the industrial offsets that would be useful to cushion some of the negative adjustment by-products of the move, as well as consumer offsets in certain areas of the country that may be more harshly influenced by the move toward world prices than other parts of the country. So certainly we are looking at offsets as well as prices, sharing, further enhancement of our supply capacity, and conservation. It is a comprehensive package, and we are looking at that.

● (1440)

## AGRICULTURE

### WESTERN GRAIN STABILIZATION ACT

**Senator Steuart:** One of the few cost protections available to western farmers is the Western Grain Stabilization Act which, incidentally, was fought tooth and nail by the NDP and the Tories. Can the minister, one of the most powerful ministers in the government, give the people of western Canada an assurance that the government will maintain the Western Grain Stabilization Act, which was brought into effect by the last government?

**Senator de Cotret:** I will take that question as notice.

**Senator Perrault:** He will have to study it.

**Senator de Cotret:** No, I will not have to study it. I may have to refer to one of my colleagues on this. When I do so, I will be happy to give a specific answer to the question.

**Senator Steuart:** Does that mean you are studying it; that you are not sure whether you are going to keep it or let it go?

**Senator de Cotret:** I have not discussed this particular matter during the past few weeks with the appropriate minister. I would rather have an opportunity, with your permission, to speak with the minister responsible so that I may give as precise an answer as I can.

**Senator Steuart:** Is the minister aware that his department has paid out over \$2 million on that program this year?

**Senator de Cotret:** Yes.

**Senator Steuart:** Yet he does not know whether he is going to keep it or get rid of it?

**Senator de Cotret:** That is right. The whole grain and oil seeds sector of the estimates of my department is an administrative arrangement in which the Chairman of the Wheat Board answers for those estimates on my behalf. It is really a question on which we have to dialogue very closely. We administer the program, but it is certainly not a program that the Minister of Industry, Trade and Commerce runs.



**YUKON TERRITORY****GOVERNMENT POLICY ON RESPONSIBLE GOVERNMENT**

**Senator Lucier:** I have a question for the Leader of the Government in the Senate.

Since taking office, the Minister of Indian Affairs and Northern Development has made some fine speeches concerning responsible government for the people of the Yukon. On Tuesday, November 20, his Yukon representative, Deputy Commissioner Bell, signed an order appointing an administrator to take over the affairs of Dawson City, denying the people of Dawson City their right to hold a municipal election and their right to elect a mayor and council. This action was taken without consulting the present city council, and without any breach of the municipal ordinance having been committed by the Dawson City council.

Could the Leader of the Government ask the minister what the term "responsible government" means, and when this undemocratic action by his officials will be rescinded, thus allowing the people of Dawson City to continue enjoying the same rights enjoyed by all other Canadians?

**Some Hon. Senators:** Hear, hear.

**Senator Flynn:** I thought it was a question and not a statement, and that the applause or boos would come after the answer.

**Senator Perrault:** I see that you just happen to have the reply on your desk.

**Senator Flynn:** Yes, because Senator Lucier was kind enough to give me notice of his question, otherwise I would not have been able to reply and would have left Senator Perrault to applaud without knowing what is coming—which would not be the first time, in any event.

**Senator McElman:** Answer the question.

**Senator Flynn:** The reply I have been given reads as follows:

The government is deeply committed to bringing responsible government to the Yukon, and this action is a step in that direction.

Wait a minute. Who laughed? Senator Hays? Oh, it was Senator Austin. I should have known.

**Senator Austin:** I will laugh even more.

**Senator Flynn:** Listen to the facts. I would not dispute them. The reply goes on to state:

Dawson City, with a population of 700, has a municipal government of five aldermen. Three council members constitute a quorum. The Mayor of Dawson City resigned, one alderman died and another is ill and out of town.

These are facts Senator Lucier might have known had he dared speak to someone there. The reply further states:

Consequently, to meet without a quorum, which the senator seems to be advocating, would hardly constitute responsible government.

The Deputy Mayor, Mr. Byron Chandler, asked the Territorial Government to set up the position of administrator to take over the affairs of Dawson City. Once before when similar circumstances were in effect—

I suppose this was under the former government.

—a highly respected municipal administrator from the province of Saskatchewan was made administrator of Dawson City. The government has been in regular communication with this gentleman, and he too has advised that in these circumstances an administrator should be appointed for Dawson City. The ordinance appointing the administrator also established an advisory board of five stalwart citizens of Dawson City.

The Yukon Government is examining the structure of government in Dawson City and, in an effort to ensure that citizens of Dawson City enjoy responsible government, is aiming for municipal elections within one year's time.

That is the situation, in fact.

**Senator Perrault:** That sounds like a campaign speech.

**Senator Flynn:** Do you speak of the question or the reply?

**Senator Lucier:** Honourable senators, the reason my questions are usually long is because I know Senator Flynn has to go to someone else to obtain the answers. Unfortunately, his information is not always accurate. There are three members—at least there were until this order was signed—of the Dawson City Council. They held their November meeting, and the nominations for the new council were to take place 10 days from that meeting. The person who was sick said that she could be available if a quorum were required for another meeting to hold them off until the elections were held.

This action was taken in consultation only with the deputy mayor, and not the council. I think this is very important. The deputy mayor has absolutely no power to deal in these matters; only the council has. This is a duly elected council which has the power to ask the Territorial Government to do exactly what it is doing. Perhaps it would have received permission to do exactly what it is doing.

The point is that the people of Dawson City were not consulted and this was done without the approval of the city council, a duly elected legal city council.

I think the Leader of the Government, in his capacity as Minister of Justice, should check the Yukon Act to see how close they are to breaking the law on this matter.

**Senator Flynn:** If there is a dispute with regard to the facts, I am willing to look into them. It seems to me that a municipal council cannot meet without a quorum. I don't know if there was a quorum, but if there was a quorum I do not see why they did not meet. I will check on the facts, but it seems to me that the Yukon Government or the federal government for that matter, would not want to intervene if it were not necessary.

**Senator Lucier:** We will see.

## GRAIN

## TRANSPORTATION POLICY

**Senator Molgat:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. On October 17 I asked a question regarding a request from the Manitoba government for the reconvening of the grain transportation meeting which had been held in Winnipeg in early January and which was attended by most of the western premiers, representatives of the federal government and representatives of the railways. At that time the minister indicated to me that he did not have an answer at hand but would obtain one shortly. In fact, he said then that he would obtain an answer for me the next day.

I have been waiting for the answer. I have checked carefully and yet find no reply. I wonder if the government has agreed to the meeting, and where the matter stands.

**Senator de Cotret:** I do apologize. I did not give an answer to the question. I will verify with my own staff as to why we have not been able to obtain an answer. I do not know that there are any deep, dark, mischievous goings-on here.

**Senator Perrault:** The study has not been completed.

**Senator de Cotret:** No, no. I will attempt to get an answer as soon as I can.

**Senator Flynn:** The former government is waiting for the election.

## THE ECONOMY

## EFFECT OF INTEREST RATE INCREASES

**Senator Olson:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. I should like to ask him when he is going to bring into this chamber information he has promised, I think almost from the outset of this Parliament, on the monitoring of the effects of these higher interest rates.

I know I asked him the question recently and he gave us the same answer he had given some time ago, although perhaps not in the same words. What is happening to farm machinery sales? What is happening to small business inventory costs?

I should like to have some information that comes out of the monitoring and then, of course, following that, I should like to know what the government will do about it. Until we get some results from the monitoring, it is difficult to know.

● (1450)

**Senator de Cotret:** Honourable senator, I shall be very happy to do that. As a matter of fact, I have some information of the kind that I was going to put before the Senate later in reply to a question by Senator Perrault. I do not know if I should do it now, or at the end of the Question Period.

**Senator Flynn:** Go ahead.

**Senator de Cotret:** Senator Perrault mentioned the bankruptcy situation on Tuesday last. His question, in part, was as follows:

[Senator Lucier.]

Can the minister tell us the number of small business bankruptcies that have occurred since May 22?

I indicated at that time that I would be happy to do this, depending on the reporting date of the agency. This is done on a monthly basis. I am very happy to report that in the five months since we have been in office the number of small business bankruptcies has fallen in this country relative to the same period a year ago.

**Senator Muir:** It would be informative if you were to go back over the last five years.

**Senator de Cotret:** Well, it reverses an upward trend since 1977, as a matter of fact. The number of bankruptcies in this five-month period was 2,101, compared to a level of bankruptcies in the same period in 1978 of 2,212.

We are monitoring these statistics. I would like to mention that the sharpest decline was in the last month of that period, in case there is any doubt. Whereas in September of 1978 there were 473 bankruptcies, in September of this year there were only 392.

That is one indication of the monitoring that is going on. Obviously, we are looking at a number of other indicators, and as the information is available I will be very happy to provide it to the honourable senator.

**Senator Olson:** May I ask a supplementary question?

The minister now, I take it, has given us a very firm commitment to bring in something at some time. We are not quite sure what is being monitored, except undesirable side effects. At the next sitting could he tell us what it is that is being monitored, whether it be sales, inventory costs and controls, or whatever it may be, so that we can follow it as well?

I wonder if he could also make sure that it is not merely generalities that are brought in as to the effects that are being produced. He has been very specific now about some bankruptcies, and I appreciate that, but I wonder if we could have information in more specific terms on the other effects that are showing up, as it comes in.

**Senator de Cotret:** Certainly. Many of these effects will take a while to manifest themselves fully.

I indicated before why the policy was being pursued. In some cases it is for international reasons, in others for foreign exchange reasons, and in yet others for domestic policy reasons. There are some plusses and some minuses.

I will not stand in this chamber and say that I like having high interest rates. I will not say that high interest rates *per se* are a good thing. I would much rather be in a situation where we have a level of interest rates that is quite a bit lower than the one we have. The question is: Is this policy appropriate for the time, and is it dealing with the problems this country is facing? I say that it is, and I say that we have no other option.

I would like very briefly, in further answer to your question, to quote from a statement made by Mr. Bulloch, the President of the Canadian Federation of Independent Business in this country. Mr. Bulloch is quoted as saying:



There are no options . . . The option of not pursuing [that policy] is a 75-cent dollar and wage and price controls and foreign exchange controls . . . That's a very scary scenario.

He was joined by Carl Beigie, the President of the C.D. Howe Institute, in much the same kind of language.

We are monitoring the situation. It is not an easy situation. We are dealing with a very tough set of economic circumstances, and what we are looking at is placing this economy on a sound footing as early as possible so as to be able to benefit from the tremendous potential this country has in the decade of the 1980s.

**Senator Perrault:** A supplementary, Mr. Minister. Is it not the concern of Canadians today that this party was elected on the basis of lower interest rates? The situation has not changed measurably between May of this year and the present time—

**Hon. Senators:** Oh, oh.

**Senator Perrault:** —and yet there has been a complete reversal of policy on the part of the government. Surely this is a concern of many Canadians.

**Senator de Cotret:** I would like to assure the honourable senator that this government was elected on the basis of providing this country with sound fiscal management and sound economic policies, and that is exactly what we are providing this country with at the moment.

**Senator Perrault:** It is a complete policy reversal.

## TRANSPORT

### DERAILMENT AT MISSISSAUGA—ACTION TO AVOID A SIMILAR OCCURRENCE

**Senator Godfrey:** Honourable senators, I would like to direct a question to the Leader of the Government with respect to the Mississauga accident.

On November 14, I said:

To have a tank car of chlorine attached to a train carrying butane, to a layman, would appear not the most sensible way to carry dangerous gases. Again, I trust that the government will look into that particular matter and will not await the report of the Canadian Transport Commission.

In the current issue of *Maclean's* Magazine, dated November 26, 1979, the following statement occurs:

In an immediate response to the Mississauga incident, British Rail last week issued a directive that no train may carry both toxic and flammable goods.

The questions I would now like to ask are as follows:

1. Will the government inquire as to whether or not the report in *Maclean's* is correct?
2. If it is correct, will the government ask the two Canadian railways whether they have issued the same directive?
3. If they have not, will the government ask the railways to explain why it is practical for British Rail to issue such a directive and not Canadian railways?

**Senator Flynn:** Well, I am able to reply to the first part of the question by saying that the Canadian Transport Commission has issued interim orders on the spacing of rail cars carrying dangerous materials, and, of course, when the legislation which has been introduced in the other place is adopted by Parliament it will be easier to arrange for definite instructions in this respect.

As you know, the Minister of Transport has initiated an independent inquiry to examine all areas of rail safety. With regard to whether the railways have accepted the orders, I would suggest that they have, but I will have to verify that. I am quite sure that they would not refuse to obey directives issued by the Canadian Transport Commission.

**Senator Godfrey:** My question was really directed to whether there should be any necessity for orders to be issued. The railways should do it on their own, I suggest, and I was wondering whether they had or not.

**Senator Flynn:** I would suggest that they have. I would be surprised if they had not. In any event, I will inquire.

**Senator Thompson:** Would it be possible for the Leader of the Government to tell us the date when the Canadian Transport Commission sent that directive? The reason I ask that is because in the *Globe and Mail* of yesterday there occurs the following statement:

Spokesmen for both CP Rail and Canadian National Railways have said no changes have been made in their operating procedures as a result of the accident.

I do not know if that is an accurate report or not.

**Senator Flynn:** What is the date of that report?

**Senator Thompson:** That was in yesterday's *Globe and Mail*.

## CUSTOMS AND EXCISE

### VALUATION OF GOODS AT CANADA-UNITED STATES BORDER

**Senator Muir:** Honourable senators, my question is directed to either the Minister of Industry, Trade and Commerce or the Leader of the Government.

Honourable senators, I have in my hands this booklet, which all of you are familiar with, entitled, "Canadian Customs, 'I Declare'." I am sure many of you have read and used it. On page 4, among explanatory notes, I find the following:

After 48 hours' absence or more, any number of times per year, you may bring in goods to the value of \$10. Only an oral declaration is required.

Once every calendar quarter, you may bring in goods to the value of \$50. A written declaration may be required . . .

Once every calendar year, you may bring in goods to the value of \$150. A written declaration will be required.

You will notice, honourable senators, that the reference is to "dollars", using the dollar sign. We assume that Canadian dollars are referred to.

During the 22 years that I was in the other place, and in the short few days that I have been in this place, I have never had a complaint similar to the one presented to me in the last few weeks.

A Canadian citizen comes to the border on his return from the United States. Please observe that this booklet does not refer to deutschmarks, Japanese yen or United States dollars; it simply says "\$150", which is taken to mean Canadian dollars. Right on.

● (1500)

The Customs officer took the position that the exchange also had to be included—and the exchange, of course, was already paid by these individuals when purchasing the goods—the net result being that the two people had to pay between \$30 and \$40 in duties.

I would ask the minister to inquire as to whether or not this is a new policy. To me, it is unfair, and certainly this is the first time I have come across it. I realize the minister would not carry this information around in his head, so I would ask that he take the question as notice.

**Senator de Cotret:** I shall be happy to do so. However, I can assure the honourable senator now that there is no new policy. Certainly, in any Government of Canada document where the regulation is expressed in terms of dollars, the only pertinent value of the currency is its value in terms of Canadian currency. We are certainly not putting these regulations out denominated in currencies of foreign countries, and it would only be so if it were specifically specified.

I shall certainly inquire into the specific cases raised by the honourable senator, and determine what happened in those two instances.

## THE ECONOMY

### MONITORING OF PROFITS RESULTING FROM INCREASES IN INTEREST RATES AND OIL PRICES

**Senator Frith:** Honourable senators, I have some questions for the Minister of State for Economic Development, and these are by way of follow-up to earlier questions dealing with the monitoring of profits realized, first, by the banks as a result of interest rate increases and, secondly, by oil companies as a result of oil price increases.

With reference to each of those areas, the minister indicated that the monitoring was being carried out by the Department of Finance, and he undertook to obtain for us the criteria upon which the department was basing its judgment as to whether profits in either of those two areas, banks and oil companies, were undue.

I would ask the minister now to consult with his officials over the weekend, and on Tuesday provide us with information as to when we might expect answers to those questions.

**Senator de Cotret:** I shall be happy to do so.

[Senator Muir.]

## ROYAL CANADIAN MOUNTED POLICE

### SEARCH OF JOURNALIST'S HOME

**Senator Frith:** Honourable senators, questions were put to the Minister of Justice arising out of a warrant executed by the RCMP in the Gosselin affair, and at that time the minister undertook to seek a report on the matter.

I would ask the minister to consult with his officials over the weekend to determine when we might expect that report.

**Senator Flynn:** I can inform the Senate that the last word I had on that inquiry was that it was not yet complete. No doubt when it is complete, I shall be informed. I shall endeavour to obtain a progress report and provide it to the Senate on Tuesday next.

## TRANSPORT

### HIGHWAY CARRIAGE OF NUCLEAR MATERIAL—REGULATING AUTHORITY

**Senator Thompson:** Honourable senators, at the outset I should like to thank the Deputy Leader of the Government for the reply given yesterday to my earlier question in relation to the regulations covering the transportation of nuclear materials. The regulations, of course, are those relating to the safe transportation of radioactive materials under the International Atomic Energy Agreement signed in 1973, to which Canada is a signatory.

In view of the fact that over 60 per cent of radioactive material is shipped by truck, and that under our Constitution the trucking industry is, for the most part, under provincial jurisdiction; in view of the fact that the control of radioactive material is a federal matter; in view of the fact that Mr. White, head of the Atomic Energy Control Board, said last week, "I think the carrier companies [trucking companies], because there are so many of them, probably aren't aware of the requirements incumbent on them"; and in view of the fact that some provinces have their own varied legislation dealing with radioactive material—for example, Ontario has never really defined radioactive material—and that all organic matter, including human beings, contain some radioactive material, may I ask what authority is, in fact, in charge of formulating the regulations for the truck movement of radioactive material?

I might indicate that for a long time there had not been regulations covering nuclear matter and governing the trucking industry in every province. I think it is important that we look into this.

**Senator Flynn:** This may be yet another problem which we have inherited from the former administration.

**Senator Olson:** What will you do when you run out of that excuse?

**Senator Roblin:** Believe me, it will be a long time before we run out.

**Senator Flynn:** I shall look into this matter. I suggest it probably depends on the company or institution shipping the



nuclear products. If the shipper is under the jurisdiction of the federal government, I do not see why the federal regulations would not apply to the carrier, notwithstanding that the carrier is governed by provincial regulations. In any event, I shall endeavour to provide a more complete answer in due course.

**The Hon. the Speaker:** Are there delayed answers?

[Translation]

## FOREIGN AFFAIRS

### SAFETY OF CANADIANS IN MIDDLE EAST AND ASIA

**Senator Asselin:** Honourable senators, yesterday, the Honourable Leader of the Opposition asked me a series of questions concerning the situation in the Middle East. I replied in part to his questions at the beginning of this sitting. However, the honourable senator asked me to give him more specific information about the situation of Canadians in the Middle East and I was obviously not able to obtain complete information about the Canadians now living in these 18 countries. Still, in those countries where their safety might be endangered, we must say that, according to the reports received from the Department of External Affairs, Canadians are in no way threatened at the present time.

The honourable senator also asked me to specify what security measures are taken to ensure the safety of Canadians especially in Iran, and even to evacuate them if it became necessary. In this regard, I would like to quote the statement made yesterday in the House by the Prime Minister in reply to a similar question asked by the honourable member for Beauce:

I must admit frankly to the House and the hon. member that it is impossible, in such circumstance, to be absolutely certain of the efficiency of our plans, but we have made plans, we have developed a way of helping Canadians in Iran to get out of that country, if they or the Canadian government consider it necessary.

We were also asked whether the government should insist that the embassy personnel remain in Iran. Once again, I believe that in the present situation, Canada has an extremely important role to play in Iran. We believe that, at least for the time being, it is necessary, in order to enforce international law and find a solution to the Iranian crisis, that our representatives in Iran remain at their post. Our diplomatic personnel must assume certain responsibilities, even when the situation is as serious as it is now in Iran, because some Canadians in Iran might want to leave the country and require assistance from our embassy. We also provide other services to the American nationals who are, of course, deprived of their own consular services.

About the question put by the Deputy Leader of the Opposition concerning the intervention of the United Nations, I think I answered rather clearly earlier this afternoon the question he put to me yesterday. I assured him that Canada was following the situation at the United Nations very closely. As soon as there are major developments, they will be announced to this house.

### HAITI—DISTURBANCE AT HUMAN RIGHTS MEETING

**Senator Asselin:** I should also like to take this opportunity, honourable senators, to answer a question asked by Senator Deschatelets, I believe, last week, concerning the incidents that occurred in Haiti when, following a human rights meeting, two of our embassy secretaries were involved in a scuffle and were injured.

The Secretary of State for External Affairs, Miss MacDonald, had instructed the Canadian ambassador in Port-au-Prince, Mr. Pierre Garceau, to protest officially to the Haitian government. That was done through the then acting Minister of Foreign Affairs, Mr. Gérard Dorcély. He expressed his deep regrets, saying his government had nothing to do with the matter. The Haitian government later issued an official communiqué stating that an inquiry was underway in order to identify and punish the culprits. It also expressed its sympathy to the victims.

I met this morning the Haitian ambassador concerning certain CIDA projects in that country. I then took it upon myself, on behalf of the Canadian government and following the inquiry of Senator Deschatelets, to discuss the recent incident that occurred in Haiti. Of course, as his government had done, he expressed his regrets and his sympathy. He further pointed out that certain liberalization movements have been at work for some years in Haiti. He added that some political prisoners had been released. Furthermore, during the last election, a member of the opposition ran in Port-au-Prince and defeated the then prime minister.

So I think that individual freedoms are more respected than they used to be in Haiti. I urged on the ambassador, of course, the necessity of pursuing the liberalization of human liberties and individual rights in Haiti.

• (1510)

[English]

## ORDERS AND DECORATIONS

### CHANGE IN WORDING OF PREAMBLE

**Senator Flynn:** Honourable senators, on November 15, Senator Lang asked whether the omission of the words:

—with the approval of Her Majesty the QUEEN of Canada, Sovereign of the Order—

was inadvertent or deliberate in the publication of the list of those receiving the Order of Canada. The short answer is that the decision to delete those words was a consequence of the transfer to the Governor General in 1977 of those functions of the Sovereign in relation to Canada which had not, thus far, been discharged by the Governor General. Her Majesty's approval of this transfer was announced on December 30, 1977, by the then Prime Minister.

I have a further explanation which I would ask to insert at this point of my answer, if it is agreed.

**Hon. Senators:** Agreed.

*The answer follows:*

The constitutions of the Order of Canada and the Order of Military Merit provide that appointments shall be made with

the approval of the Sovereign by instruments signed by the Governor General. They also contain provisions stating that nothing in them limits the right of the Governor General to exercise all powers and authorities of the Sovereign in respect of these two Orders. The regulations governing the award of the Decorations for Bravery contain the same provisions. Consequently, because of the transfer of functions approved at the end of 1977, it was then decided to discontinue the practice of submitting nominations to Her Majesty for approval.

This does not alter the fact, however, that Her Majesty remains Sovereign of the two Orders and that Decorations for Bravery continue to flow from the Sovereign in her right as Queen of Canada. Therefore, while the Governor General has, since 1978, made all the appointments on behalf of Her Majesty, the Queen is informed before appointments are made and publicly announced.

### BORROWING AUTHORITY BILL, 1979-80

#### THIRD READING

**Senator Roblin** moved third reading of Bill C-10, to provide supplementary borrowing authority for the fiscal year 1979-80.

Motion agreed to and bill read third time and passed.

### ROYAL ASSENT

#### NOTICE

RIDEAU HALL  
OTTAWA  
GOVERNMENT HOUSE

November 22, 1979

Sir,

I have the honour to inform you that the Honourable Julien Chouinard, O.C., C.D., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 22nd day of November, at 5.45 p.m., for the purpose of giving Royal Assent to a bill.

I have the honour to be,  
Sir,

Your obedient servant,  
Edmond Joly de Lotbinière  
Administrative Secretary to the  
Governor General

The Honourable  
The Speaker of the Senate,  
Ottawa.

[Senator Flynn.]

### CUSTOMS TARIFF THE NEW ZEALAND TRADE AGREEMENT ACT, 1932 AUSTRALIAN TRADE AGREEMENT ACT, 1960 THE UNION OF SOUTH AFRICA TRADE AGREEMENT ACT, 1932

#### BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Senator Doody** moved the second reading of Bill C-18, to amend the Customs Tariff and to make certain amendments to The New Zealand Trade Agreement Act, 1932, the Australian Trade Agreement Act, 1960, and The Union of South Africa Trade Agreement Act, 1932.

He said: Honourable senators—

**Hon. Senators:** Hear, hear.

**Senator Doody:** I thank you for your kind consideration. I would ask you to bear with me and be tolerant as I walk very quietly and gingerly through these hallowed halls. I have recently come from a far less civilized forum, and it will take me a little while to become used to the indulgence of this illustrious chamber. Any flaws or faults you can attribute completely to my ignorance. In no way do I intend to show any disrespect to His Honour the Speaker or to my honourable colleagues.

I have the honour of moving the second reading of this bill, which deals with the Canadian tariff schedule on various items in the horticultural industry of fruits and vegetables. It is probably indicative of the efficiency of our great system that a senator from Newfoundland, who is familiar with fruits and vegetables but not with fish or lumber, should have the privilege of performing this duty. I guess it demonstrates the size and scope of this great country.

**Senator Thompson:** The versatility.

**Senator Doody:** The versatility of some senators as well.

This bill will give effect to certain tariff amendments that were introduced during the last session by the previous government but did not receive approval before Parliament was dissolved. I understand that at that time the bill was received with pretty broad support, and I hope my introduction and sponsorship will not change that favourable atmosphere.

There are two general matters involved in this bill—the revised tariff schedule covering fruits and vegetables; and the continuation of numerous temporary tariff reductions beyond June 30, 1979. In addition there are consequential amendments to the acts which implemented our Preferential Trade Agreements with New Zealand, Australia and South Africa.

● (1520)

I need not emphasize the importance of the Canadian horticultural industry to the Canadian economy. The economics of this industry, with respect to both growers and processors, were studied in some depth by the Tariff Board in the period from 1973 to 1977. The Board found that although



domestic producers supplied the bulk of our fruit and vegetable requirements, they were steadily losing ground to imports because tariffs were out of date.

This situation arose largely because tariff levels for virtually all species of fresh fruits and vegetables, and a large number of processed products as well, had been specified in cents per pound, or specific duties, rather than as a percentage of the value of the product, or an *ad valorem* duty. As a result, the real level of tariff protection had subsequently decreased.

This bill will restore some of the lost protection to the fruit and vegetable growers. There will be higher specific rates during the Canadian marketing season for fresh produce, and a "floor" or minimum rate expressed as a percentage of the value of the product to guard against further possible erosion of protection from rising prices. For processed products, the old specific rates are being replaced, as I have said, by *ad valorem* rates, and in most cases these are higher than the percentage rate equivalent of the old rates.

For consumer protection, of course, to benefit consumers when Canadian produce is not available the bill provides for the removal of duties on fresh produce at certain times of the year, when the Canadian produce is not available.

In the case of fresh fruits and vegetables imported for processing, duties will be applied year round but at lower rates than for fresh market goods. This will discourage large volumes of imports at either end of the Canadian marketing season for the protection of Canadian crops.

There have been some departures from the Tariff Board's recommendations. For example, reduced duties are proposed on a number of products not covered by the board's report. These are listed in the various schedules—for example, raisins, fruit juices and field peas—and the rates on some products such as canned fruits are not as high as those recommended by the Tariff Board. These departures were necessary to obtain agreement from our trading partners, I would assume, as a *quid pro quo* in the bargaining process.

There are, honourable senators, various schedules attached to the bill which I commend to your earnest attention. The list of items is legion and I rather suspect that it will rank as one of the great literary efforts of the drafting fraternity of all time.

**Senator Marshall:** Including baked apples.

**Senator Doody:** The baked apples which my honourable friend mentions, and which are a great delicacy in Newfound-

land, need no protection, except perhaps from the Newfoundlanders, and we can look after that down there.

With those few words I commend this bill to your attention, honourable senators, and ask that it be given second reading.

On motion of Senator McDonald, debate adjourned.

## BUSINESS OF THE SENATE

**Senator Roblin:** Honourable senators, we have come to Motions, and I think there are none. I should like to remind you, as there is no further business before the Senate, that no doubt we will adjourn during pleasure to reassemble at about twenty minutes to six in order to take part in the ceremony of royal assent. With that reminder I would ask His Honour if he would be kind enough to allow us to adjourn during pleasure.

**The Hon. the Speaker:** Is it your pleasure, honourable senators, that the Senate do now adjourn during pleasure to reassemble at the call of the bell at approximately 5.40 this afternoon?

**Hon. Senators:** Agreed.

The Senate adjourned during pleasure.

## ROYAL ASSENT

The Honourable Julien Chouinard, O.C., C.D., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act to provide supplementary borrowing authority for the fiscal year 1979-80

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, November 27, at 8 p.m.

## THE SENATE

Tuesday, November 27, 1979

The Senate met at 8 p.m., the Speaker in the Chair.  
Prayers.

### OLD AGE SECURITY ACT

BILL TO AMEND—FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-6, to amend the Old Age Security Act.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read a second time?

**Senator Roblin**, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Document entitled "Position Paper: The Reform of Parliament", dated November 1979, together with a paper on Highlights of the Position Paper, issued by the President of the Queen's Privy Council for Canada.

Report on operations under the *Regional Development Incentives Act* for the month of September 1979, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of the Department of Agriculture for the fiscal year ended March 31, 1979, pursuant to section 6 of the *Department of Agriculture Act*, Chapter A-10, R.S.C., 1970.

Report of the Auditor General to the Solicitor General on the examination of the accounts and financial statement of the Royal Canadian Mounted Police (Dependents) Pension Fund for the fiscal year ended March 31, 1979, pursuant to section 55(4) of the *Royal Canadian Mounted Police Pension Continuation Act*, Chapter R-10, R.S.C., 1970.

He said: Honourable senators, I particularly draw your attention to the first document tabled, entitled "Position Paper: The Reform of Parliament."

### BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE  
SENATE

**Senator Hayden**, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at three o'clock in the afternoon tomorrow, Wednesday, November 28, 1979, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

## QUESTION PERIOD

[English]

### FOREIGN AFFAIRS

STATEMENT ON SITUATION IN IRAN

**Senator Asselin:** With leave of the Senate, I think I should make a statement on the situation in Iran. I will give a copy of my statement to the Leader of the Opposition.

Honourable senators, as you know, the situation in Iran remains very tense and very fluid. In the most recent development, the Secretary-General and the President of the Security Council today made statements at a special meeting of that Council. They expressed the concern of all nations for the safety of the American hostages in Tehran and the hope for a peaceful resolution of the dispute between the American and Iranian governments. They also suggested that Iran has a right to be heard on its charges against the Shah. There will be a full meeting of the Security Council at 9 a.m. on December 1 which will enable the Iranian Foreign Minister, Mr. Bani Sadr, to attend.

I should also point out that, after a Canadian initiative, all of the high commissioners of Commonwealth countries with representatives in London, England, met today, and the overwhelming majority agreed to make a statement on the situation in Iran. I do not yet have the text of this statement, but I understand that it expressed the concern of their governments for the unacceptable danger the seizure of the U.S. embassy in Iran and the violation of U.S. diplomats poses to international law and accepted standards of international conduct. It urged the Iranian government to reconcile its differences with the U.S. peacefully within the framework of international law, and registered Commonwealth support for the initiatives of the Secretary-General of the United Nations.

This Commonwealth declaration follows statements already made by the European Economic Community and the European Parliament. It is encouraging to see the nations of the world respond to this situation through such international organizations, rather than independently.



[Translation]

Honourable senators, I must also point out that the Secretary of State for External Affairs and myself had the opportunity, this afternoon, here in Ottawa, of meeting 15 ambassadors from francophone countries. We mentioned to them that one of the most important principles to be observed if we are to achieve peace throughout the world is that of the inviolability of the embassies and the freedom of movement of its members, in conformity with the Vienna Convention. We invited them, as we did our friends of the Commonwealth, to pursue their efforts with the Iranian authorities and encourage them publicly to free the American hostages.

[English]

#### INTERNATIONAL CRISIS IN IRAN—ROLE OF CANADA

**Senator Perrault:** Honourable senators, I know that all honourable senators welcome the statement made by the minister responsible for CIDA. Certainly, there has been rising concern in Canada about what has appeared to be a lack of initiative on the part of the Canadian government in this very vital matter affecting a good friend of the Canadian people, the United States of America. I know I reflect the views of all senators when I welcome this statement made by the minister tonight suggesting that we have taken some lead among the Commonwealth nations and, as well, among the francophone nations of the world.

I wonder, however, whether the minister can assure us that a lead role is going to be played by Canada in its relations relative to the other nations which may not be part of the francophone community, and which may not be part of our Commonwealth family. Can the minister tell us whether we are moving to draw together the seven major industrialized nations on this crucial issue?

There is an importance, surely, at this point in history for Canadians to play a lead role in supporting the rule of law and the long-established right of diplomatic immunity. Canadians, including honourable senators, recall with pride many occasions when Canada, in a very forthright fashion, took a high-profile lead role among the nations in defence of the rule of law and matters allied to that.

[Translation]

**Senator Asselin:** Honourable senators, as I have already said, I think Canada took praiseworthy initiatives. Of course, for reasons of security that I have explained to the Senate before, all our initiatives in Iran cannot be made public.

In addition, we have publicly invited the Commonwealth countries to reach decisions with regard to that truly unfortunate conflict. As I said earlier in my statement, we are also interested in francophone countries. But, with regard to the European Community, I must remind honourable senators that their governments and the European Parliament have already issued a joint communiqué expressing their regrets about what is going on in Iran, and begging the Iranian authorities to free their hostages.

I feel that our presence in Iran at the present time is really essential since we are rendering extremely important services

to the Americans, directly and indirectly—allow me however not to give you any details—but one thing is sure: I can assure the Senate that the authorities in Washington are indeed extremely pleased to see us there as they are very pleased with the work of the Canadian embassy in Iran.

● (2010)

[English]

**Senator Perrault:** Honourable senators, looking at the current situation with respect to the rule of law and the matter of diplomatic immunity, totally apart from any differences the Americans and Iranians may have with respect to the Shah and other matters—if the Government of Canada backs the American position in this crisis, and if other member nations of the Group of Seven, the Commonwealth and la francophonie are in agreement, what is standing in the way of Canada being the catalyst to unite the leaders of all these nations in a strong statement of support for the United States? Surely there is a significant difference between individual protestations of support and a strong common front position which seeks to identify nations of even various political philosophies, even different economic ways of life, a strong common front position reflecting the collective will of the heads of state of all nations who support the rule of law and who stand opposed to the reign of terror against the Americans in Iran. Will that kind of initiative go forward?

[Translation]

**Senator Asselin:** I think the Honourable Leader of the Opposition has just confirmed our present role, which is one of leadership, since we have taken the initiative of consulting all Commonwealth members to ask for statements in support of Canada's action. We have also asked francophone countries which are members of our circle of international relations to do the same. What more can we do? Should we declare war on Iran? One thing is for sure: we will not do it. What we are doing at present, indirectly and in some instances directly, is to try and help Americans to find solutions to this problem.

I know the Honourable Leader of the Opposition will not force me tonight to indicate what actions our embassy and our ambassador in Iran have taken to achieve those objectives. I think we must congratulate the Secretary of State for External Affairs for having taken this initiative, especially in view of the fact that she must display a great amount of tact so as not to aggravate the situation in Iran and risk making any Canadian in that country *persona non grata*.

[English]

**Senator Perrault:** As I said at the outset, I am sure honourable senators welcome these initiatives. The ones that have been cited are fully supported by the opposition in this chamber. The situation is so unique and so unprecedented that, of course, it poses serious problems for the government of this country and that of many other countries. How does one deal with such unprecedented action taken by a government, a government which, apparently in this case, supports the abandonment of the rule of law and flouts every standard we have previously recognized in matters of diplomatic immunity?

So we sympathize with the predicament of the government in attempting to devise positive initiatives in respect of this international situation. However, I would remind this government that a few months ago there was a strong stand taken by the Group of Seven at Bonn when the former Canadian Prime Minister played a real and leading role in another crisis. Honourable senators will recall that the Prime Minister of Canada led the crusade to end terror resulting from airline—

**Senator Flynn:** Oh, come on!

**Senator Perrault:** Honourable senators, this is an important matter. May I ask the Leader of the Government this question: As the chief law adviser to the Government of Canada, what kind of advice has he offered in this crisis? What has he suggested in making certain that Canada stands up for the rule of law and protects the rights of a gallant ally?

**Senator Flynn:** I advised that we act responsibly and not act the way you are.

**Senator Perrault:** That is an inadequate reply and one unworthy of the high office held by the Leader of the Government in this place.

**Senator Flynn:** On the contrary, it is your stand that is irresponsible.

**Senator Perrault:** The commitment we seek from the Leader of the Government tonight is not a commitment that he shake his head and become impatient every time the matter is raised in this place. We want a commitment from him that the good offices of the Prime Minister of Canada are going to be used to follow the leadership example set by the former Prime Minister, Prime Minister Trudeau, when he was in office. We are asking this government to contact other world leaders during the next 24 hours. And so my question is: Will this be done and will there be an effort put forth to establish an international common front against the terror now being waged against the United States citizens in Iran?

Honourable senators, let me tell the Leader of the Government that unless we take a strong stand in this crisis, tomorrow it may be Canadian citizens who are held in some country without the protection that the rule of law demands.

[*Translation*]

**Senator Asselin:** Honourable senators, I did not think that anyone could speak with such emotion, even in view of a situation as serious as that in Iran. I must tell the Leader of the Opposition that no government is trying more than ours to ensure compliance with the rule of law, especially on the international scene. I think we should be glad about the initiative taken by the government to awaken international opinion about this conflict which concerns the entire world community.

Moreover, Canadians throughout the country are asking that this problem be solved as soon as possible. What can we do that we have not done already? As I explained earlier, we have asked our friends of the Commonwealth and in French-speaking countries to support our initiatives.

**Senator Denis:** You are endangering Canadians in Iran.

[*Senator Perrault.*]

**Senator Flynn:** I have never heard anything as stupid in all my life.

**Senator Asselin:** Honourable senators, as I said a while ago in my reply to my honourable friend, Senator Denis, Canadian individuals and the Canadian embassy in Iran are certainly playing an important and useful role at the present time. Moreover, it is the duty of Canadians to remain in Iran because if they were not there now, the consequences for the Americans might have been much more serious. Allow me not to say any more on this subject.

**Senator Denis:** Let us all go; it is important that we should be there.

● (2020)

[*English*]

**Senator Asselin:** Honourable senators, if Senator Denis wishes to put a question, I shall be happy to sit down and listen to it.

[*Translation*]

**Senator Denis:** Honourable senators, I would simply like to add that the behaviour of this government would needlessly endanger Canadians still in Iran if they are left there and told to decide for themselves. The American government itself does not go too far because it is cautious. It watches what it is doing. There are 49 American citizens held hostage in Iran while we know-it-alls stick our noses where we have no business.

**Senator Flynn:** I would be curious to hear what Mr. Trudeau has to say about these comments.

**Senator Denis:** We can have different opinions.

**Senator Asselin:** Honourable senators, the government is asked to take positive action and you say that we have no business in this matter. You should get your act together if you want us to reply to your questions.

However, I am convinced that the Leader of the Opposition does not agree with Senator Denis. This is why I would like to tell the Leader of the Opposition that all suggestions made by his party in this assembly for a possible solution to this conflict will obviously be well received by the Department of External Affairs. They will consider your suggestions.

**Senator Flynn:** Perhaps we might send Senator Perrault as mediator.

[*English*]

## CROWN CORPORATIONS

### EXPORT DEVELOPMENT CORPORATION—SECURITY OF LOANS

**Senator Haidasz:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. I am wondering whether the federal government has any new policies in respect of the Export Development Corporation, or intends to change in any way the operations of the Export Development Corporation, particularly in relation to making its loans more secure.



**Senator de Cotret:** Honourable senators, I am pleased to have this opportunity of addressing the question of financing of exports in this country. As I have said on numerous occasions, this is an area in which Canada has in many ways lagged behind its major trading competitors. I do not call them trading partners in this instance.

I am rather dismayed by the fact that in the field of export financing, the assistance the Canadian government has been able to provide to Canadian exporters has, in many instances, lagged far behind that given to exporters in such countries as West Germany, Italy, France and Japan. Canadian exporters are facing very aggressive competitors in international markets, and we must ensure, on a government-to-government basis and in terms of government to business, that we are in a position to back those Canadian exporters who have products and technologies that are competitive in world markets to the same extent as government backing is available to those in countries which compete directly against us in those international markets.

The report of the Hatch Committee on Export Promotion is now in the translation stage. I hope to be able to table that within a week or two. I do have a copy of it, and it does address many of the questions which arise in relation to export financing.

The Export Development Corporation has carried out an internal study in relation to the various forms of financing against which it must compete and has made certain recommendations as to how best we can place ourselves in a position to ensure for our exporters the best possible position in international markets. Within the next 10 to 20 days, we will be in a position to announce a fairly comprehensive package, both in the field of trade promotion and trade financing. We have to become more aggressive. There are tremendous opportunities out there for our exporters, and we intend to pursue this matter in that light.

#### EXPORT DEVELOPMENT CORPORATION—GUARANTEE OF INVESTMENTS TO THE UNITED STATES

**Senator Haidasz:** I thank the minister for his explanation. I do have a supplementary question.

In a news release put out by the Export Development Corporation, dated November 23, it is stated that the Corporation will guarantee investments totalling \$334 million to 21 countries, among which is the United States of America. I am wondering whether the minister can inform this chamber as to the nature of the transaction involving the United States.

**Senator de Cotret:** I do not have the details of the particular transaction with the United States with me. I shall be happy to take the question as notice and give the specific details later. We have in the past, through the Export Development Corporation, given export financing assistance to firms dealing in the United States. However, I shall be happy to obtain all the details of this particular transaction.

#### EXPORT DEVELOPMENT CORPORATION—IRANIAN POLICY RESPECTING FOREIGN DEBTS

**Senator Haidasz:** I should like to ask a supplementary question. In view of Iran's decision not to repay its foreign debts, which could leave Canadian financing corporations with losses of hundreds of millions of dollars, especially the Export Development Corporation, what is the government's reaction to this announcement of the Foreign Minister of Iran?

**Senator de Cotret:** The announcement of the non-payment of debts by Iran was widely circulated, but it was not confirmed through any official channels as between Iran and Canada. It is still our belief, and certainly our expectation, that Iran will see fit to live up to its international obligations, particularly with a country such as ours.

#### ENERGY

##### DISCUSSION BETWEEN PRIME MINISTER AND PREMIER OF ALBERTA RESPECTING DOMESTIC OIL PRICE

**Senator Olson:** Honourable senators, I should like to direct a question to the Minister of State for Economic Development, and ask him if he could give us a progress report on oil prices and related subjects resulting from the meeting between the Prime Minister and Premier Lougheed this afternoon—in fact, perhaps I should say “resulting from the meeting that has gone on all day.”

**Senator de Cotret:** I should be happy to give honourable senators a progress report.

Discussions are proceeding in a very satisfactory manner, and, as I have mentioned often, we are still very much expecting that a negotiated settlement not only on the question of energy prices but on the whole energy package will be forthcoming in the very near future.

**Senator Olson:** Honourable senators, there is exactly as much information in that reply as in the other replies that we have received over the weeks. It seems to me that the minister ought to be a little more forthcoming. Even the Prime Minister said late this afternoon that the price had been agreed to. Can we get that information from the minister? Can he at least tell us what issues are still outstanding? And if an agreement has been reached on the oil price, can he tell us what it is?

**Senator de Cotret:** I can only say once again that to the best of my information, up to the time I walked into this chamber tonight, the discussions that had gone on today had gone on in a satisfactory manner and progress was made. Obviously, I was not present. I would hate to try to surmise as to the specifics of the discussions. But I will be happy to answer any questions as soon as I have had an opportunity to discuss with my colleague exactly where the situation stands.

**Senator Olson:** A supplementary question, although I do not know how one can have a supplementary question arising out of a nothing answer. However, I am going to try. I think, honourable senators, that members of the government really ought to have a little more respect for Parliament than is being displayed here.

I say that because it is now more than two hours since the Prime Minister—it may be quite a lot more, but it was at least two hours ago that the Prime Minister, according to news reports, did, in fact say that the price per barrel had been agreed upon, but that other matters were still outstanding, such as distribution of revenue. As I see it at this moment, the minister is not willing even to acknowledge what the Prime Minister has announced to the press. I suggest that is rather more than a little disrespectful to Parliament.

● (2030)

**Some Hon. Senators:** Hear, hear.

**Senator Olson:** Surely we have the right to be informed as soon as the press, and certainly several hours afterwards. There are obviously some important outstanding differences, or they might have announced what ministers referred to as a package agreement. Surely we have at least some right to know what the Prime Minister is willing to tell a press conference.

**Senator de Cotret:** Had I had the same amount of time as the press to stand outside 24 Sussex Drive to wait until the Prime Minister came out, I might have had the information at my fingertips. I chaired a cabinet committee this afternoon, and I then chaired a meeting for the Prime Minister while those very important discussions were going on. Unfortunately, I was not at the door when he came out. I have told you, to the best of my understanding, what I know of the conversations today. I shall be more than happy to inquire of the Prime Minister at the first opportunity and inform honourable senators as to what went on and where the negotiations stand at present.

To the best of my information, as I replied to the honourable senator's first question—which he referred to as a non-answer—there were fruitful discussions. Negotiations are going ahead, and we are still very hopeful to be able to reach in the very near future a negotiated settlement not only on the price but on the total energy package.

**Senator Perrault:** Read the newspapers in the morning and get all the news.

**Senator Olson:** I can see that it is useless to pursue this matter, because the minister has now suggested very frankly and positively that he simply does not know what went on. Both he and the Prime Minister knew that this chamber was going to meet at 8 o'clock tonight. Those afternoon meetings have been sufficient respect for the Parliament of Canada that there could have been some communication with this chamber, or at least some information given to it—at least as much information as they are willing to give to the press in the corridors.

**Senator Smith (Colchester):** I wonder if I might ask a question of the same honourable minister. Is he not amazed at the sudden tenderness of honourable senators opposite for the rights of Parliament after having belonged for many years to a

government which said that members of Parliament were nobodies when they got off Parliament Hill?

**An Hon. Senator:** Right on!

## HUMAN RIGHTS

### PROTECTION OF HANDICAPPED PERSONS

**Senator Marshall:** Honourable senators, I should like to ask a question of the Leader of the Government. It has to do with the protection from discrimination of the handicapped in Canada. Could the leader reaffirm, on behalf of the government, the commitment made by the Prime Minister on May 1 that it would provide protection from discriminatory practices under the Canadian Human Rights Act in a manner consistent with coverage provided for other protected groups? Would he also indicate if the government is prepared to amend the act to provide for this protection?

**Senator Flynn:** Honourable senators, last Friday, accompanied by the Honourable Walter Dinsdale, I met with representatives of the Coalition of Provincial Organizations of the Handicapped. I reiterated the commitment of the Prime Minister made on May 1, when he was Leader of the Opposition, that we were going to amend the Canadian Human Rights Act in a manner to provide for the handicapped the same protection in relation to services as is provided with regard to employment.

Specifically, the question will be referred to a committee of the other place. The committee will study the implication of the broad principle, and we remain committed to amending the act in this direction.

**Senator Guay:** Honourable senators—

**Senator Perrault:** You just happened to have the information. It is fortuitous that the Leader of the Government had that important information. May I suggest—

**The Hon. the Speaker:** Order. Senator Guay has the floor.

**Senator Perrault:** I was asked a question.

**Senator Flynn:** I attended a meeting with COPOH last Friday. I do not need any other coaching. Of course, the honourable senator was kind enough to give me notice of his question.

## CRIMINAL CODE

### RIGHTS OF ACCUSED PERSONS

**Senator Guay:** Honourable senators, in view of the fact that the Minister of Justice will consider the possibility of looking at the Human Rights Act, I should like to quote to him from an editorial that appeared in the *Winnipeg Tribune* yesterday. Headed, "Accused persons must know rights," it reads:

It is incredible that the top law man in Canada, Justice Minister Jacques Flynn, is against granting accused persons the right to talk to a lawyer.

[Senator Olson.]



The Canadian Bar Association has proposed that the Criminal Code be amended to require that police inform an arrested person that he has the right to call a lawyer. This proposal was prompted by earlier recommendations from the Manitoba Bar Association and the Manitoba Trial Lawyers Association.

Mr. Flynn rejects the idea. He says provincial attorneys general are opposed and they fear it would hamper police work. Allowing defendants to have lawyers in court also holds up court work.

The editorial goes on to say that the minister's argument is not logical. While the minister is looking at the human rights matter, he might also look at this matter. My question is: Would it be the minister's intention to follow the recommendation of the Canadian Bar Association in this regard, which I am sure would benefit a lot of people in Canada?

**Senator Flynn:** Is that report from a Winnipeg newspaper?

**Senator Guay:** Yes, a Winnipeg paper.

**Senator Flynn:** Then it is wrong.

**Senator Guay:** It is a Conservative paper in Winnipeg.

**Senator Flynn:** There is no question but that I have been wrongly reported on that issue.

**Senator Guay:** Then the *Globe and Mail* also reported you incorrectly. They had a similar article.

**Senator Flynn:** I do not mind how many may have reported it. In any event, I met with the Canadian Bar Association last week and it was one of their recommendations that the Criminal Code be amended to compel police officers to advise any person arrested that he has the right to consult a lawyer before answering any question. I said that I was in agreement with that in principle.

However, I have to take into account representations made by the provincial attorneys general before making a decision on that issue. I believe I am wise in consulting with the attorneys general, who are responsible for the administration of justice, and at least listening to their observations.

The right of an accused to consult a lawyer is in the Canadian Human Rights Act. It is there. We are not taking anything away. The press has been reported as saying that I was against an acquired right. That is false. The right is statutory. The Canadian Bar Association suggests that we add to the Criminal Code the obligation for the police officer to inform, in every case, the person who is under arrest that he has the right to consult a lawyer before answering any question.

Some attorneys general have asked me to hear their representations. I believe that I should not make a decision *ex parte* without hearing them in advance. That is all there is to it.

**Senator Guay:** I appreciate the minister's answer. In the interim, until he finalizes this particular point, I should point out that Attorney General Mercier of Manitoba has been content to let the Chief of Police of Winnipeg decide the rights

of citizens. Mr. Mercier accepted the policy statement by the police chief, which plainly stated that suspects have the right to legal counsel at any time. But that is no guarantee. It is possible that in the interim someone may not be given the right to which he is entitled. Will the minister seriously look into this matter in the near future so that the problem will be solved once and for all?

**Senator Flynn:** I believe my previous answer indicated that I am looking at the matter very seriously.

## METRIC CONVERSION PROGRAM

### GOVERNMENT POLICY

**Senator Thompson:** Honourable senators, I would like to direct a question to the Minister of State for Economic Development. I read last week that the minister responsible for metric conversion in the United Kingdom had called for a full stop to the process. Is the minister considering a similar policy with respect to conversion procedures in Canada?

**Senator de Cotret:** We have certainly no intention of calling a full stop to metric conversion in Canada. I believe a number of statements have been made in the recent past indicating the actions of this government to review the speed of metric conversion in Canada, particularly in relation to what our neighbours to the south are doing to ensure that we are synchronizing.

● (2040)

The purpose was to ensure also that the process was going along smoothly more recently. As you know, test markets were designated for the initial conversion on the consumer side. These were monitored very closely by a consumer board appointed by myself and my colleague, the Minister of State for Small Businesses and Industry. One of the conclusions of that board was that there should be careful attention given with particular reference to the conversion of quantities of fresh fruit and fresh meat measured in the retail outlets themselves, because there was obviously a problem in that area. This is something that we are considering in cabinet at the moment, in order to see what means can best be pursued in order to ensure a smooth conversion.

**Senator Thompson:** As I understand it, among the reasons why the United Kingdom government came to the decision they did was the fact that they felt that it might have been wiser to concentrate on interpreting the metric system to the householder and the housewife, rather than introducing it into particular segments, such as that of agriculture, and so on. Are you considering looking at the reasons for the halt called by the British government, and the reasons why they feel they have taken the wrong approach?

**Senator de Cotret:** I would be very happy to ask the overview committee looking into the process of metric conversion to address themselves particularly to that matter. There is no question that you can look at the conversion process from the point of view of both the producers and of the consumers. There seem to have been certain problems in the approach we

have pursued in the supermarkets, for example, as I have just indicated, and the focal point of our interest in looking at the process right now is to ensure that the best information and the best acceptance of the process is in place before we proceed with certain items that are difficult to pursue.

## INDUSTRY

### CANADA-UNITED STATES AGREEMENT ON AUTOMOTIVE PRODUCTS—STUDY BY GOVERNMENT OF ONTARIO

**Senator Bosa:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce.

Is the minister aware that Mr. Grossman, the Ontario Minister of Industry and Tourism, made a statement recently to the effect that Ontario is undertaking a study of the auto pact? If the minister is aware of that, is his department participating in the study, and if not, why not?

**Senator de Cotret:** First of all, let me say that Mr. Grossman makes a great many statements, most of them quite interesting to us.

**Senator Bosa:** He is of the same political colour as you.

**Senator de Cotret:** That is correct. It is difficult to find anybody of any different colour in the provinces these days.

**An Hon. Senator:** Not since the by-elections in Quebec.

**Senator de Cotret:** What was that? The voices seem to disappear.

I am aware that Mr. Grossman is very interested in the auto pact situation. I had the pleasure of having a chat with him in my office last week, in the course of which we talked about the auto pact. We talked about a number of problems facing the auto industry in this country.

If Mr. Grossman intends to conduct a study on the auto pact, that is something we will follow with great interest, and we will be looking forward to the results. We are, of course, conducting our own analysis of the situation as it presently exists in the automobile industry, and I do not feel that it would be particularly advantageous for us to enter into a joint study with the Government of Ontario into the auto pact, should that be the way they choose to go. We will, however, be looking at the results of their study with keen interest.

### BRIEF OF AUTOMOTIVE PARTS MANUFACTURERS' ASSOCIATION OF CANADA

**Senator Bosa:** A supplementary. Has the minister replied to the brief which was presented to him by the Automotive Parts Manufacturers' Association early in October?

**Senator de Cotret:** To the best of my knowledge we have not sent a formal reply in response to the brief. When I met with the auto parts manufacturers I answered a number of specifics that were raised in the brief. Other issues are going to be answered in due course. As I say, I have not sent a formal communication back to them, but it is something that is

[Senator de Cotret.]

pending, and I expect that in the very near future we will be in a position to give them a detailed reply.

## FOREIGN AFFAIRS

### EMBARGO ON OIL SHIPMENTS FROM IRAQ

**Senator Bosa:** I have a question for the Leader of the Government. Would the leader inform this house as to why the government kept from the Canadian people the embargo on oil imports from Iraq which was imposed by that country last June?

**Senator Flynn:** I shall have to take that question as notice. I have not heard of the matter raised by Senator Bosa.

## TRANSPORT

### POSSIBLE PURCHASE OF SHARES OF NORDAIR LTD.

**Senator de Cotret:** Honourable senators, I have a number of answers to questions previously asked.

The first answer is to a question asked by Senator Adams on October 30, 1979, reported at page 210 of the *Debates of the Senate*. The question had to do with the disposition of Nordair. In response I would like to tell the honourable senator that I am informed that the Minister of Transport, in the near future, will make a proposal to cabinet regarding the disposition of Nordair. It will naturally follow that this will have to be approved by the CTC in due course.

## GRAIN

### TRANSPORTATION POLICY

**Senator de Cotret:** On October 17, 1979, Senator Molgat raised a question dealing with the reconvening of the grain transportation meeting.

The Minister of Agriculture of Manitoba has indeed contacted the Minister of Transport. Currently the provincial ministers of agriculture are negotiating a meeting date with the Minister of Transport. It appears the meeting will be convened in mid-December.

## TRANSPORT

### WHITEHORSE, YUKON TERRITORY—NEW AIRPORT TERMINAL BUILDING

**Senator de Cotret:** On November 20 Senator Lucier asked a question dealing with the new airport terminal building in Whitehorse.

Plans were formulated in 1976 to go ahead in 1980. Due to financing constraints, plans were deferred. Funding for conceptual plan development is currently awaiting Treasury Board approval.

## AGRICULTURE

### WESTERN GRAIN STABILIZATION ACT

**Senator de Cotret:** On November 22 Senator Steuart asked a question relating to the Western Grain Stabilization Act. The answer is as follows:



By way of alleviating the concerns of Senator Steuart as to the future of the Western Grain Stabilization Act, I am informed that this act will remain intact. We have no plans to alter the system which is currently in place.

## CUSTOMS AND EXCISE

### VALUATION OF GOODS AT CANADA-UNITED STATES BORDER

**Senator de Cotret:** On November 22 Senator Muir raised a question as to the exchange on Canadian dollars used to make purchases in the United States which are declared at the Canadian border.

I would like to assure Senator Muir that the answer I gave him at the time he asked the question—and which I qualified by saying that I was giving the answer only on the basis of my understanding of the situation—has been confirmed. That answer was to the effect that any dollar amounts that are stipulated in customs duty legislation are in fact denominated in domestic currency. Should Senator Muir wish to pursue the precise case he was referring to, I would be very happy if he communicates to me the particulars of the matter and I will endeavour to obtain the specifics for him on a personal basis.

## AGRICULTURE

### CHICKEN IMPORT QUOTAS

**Senator de Cotret:** I would also like to clarify statements made by me in reply to questions by Senator Argue with respect to the importation of chicken.

**Senator Buckwold:** The Colonel Sanders question.

**Senator de Cotret:** Yes. I do not have that one before me, but I do recall that I verified the specific question about Colonel Sanders. Colonel Sanders in Canada uses chicken products purchased from Canadian firms exclusively. Colonel Sanders in Canada does not import any chicken from the United States.

● (2050)

I should like to address specifically the question of the notice to importers which does make provision for the instruments of supplementary import permits to Canadian manufacturers whose domestic product is not available at a price to allow them to compete with comparable imported products containing chicken.

This provision was established because the import controls under item 19 cover only products wholly composed of chicken. Canadian producers of products manufactured in part from chicken may, therefore, have to compete with imported products produced from chicken procured at a lower price.

Canadian producers will be given the first opportunity to supply the chicken required in processor-request imports under this provision. This provision is available for all processors who transform chicken into the same products ranging from TV dinners to breaded deep-fried chicken.

### CHICKEN IMPORT QUOTAS—RENEGOTIATION OF CANADA-UNITED STATES AGREEMENT

**Senator de Cotret:** Honourable senators, this will be my last answer. On November 22, Senator Argue asked if I would discuss and give consideration to the question of renegotiating the chicken import quota at the meeting with the Ontario and Quebec chicken industry representatives on November 23.

On November 23, my colleague, the Minister of Agriculture, and I had a very useful meeting with the delegation representing all segments of the Ontario and Quebec poultry industries, and all aspects of the chicken import situation were discussed. At this meeting it was agreed to form an industry-government advisory committee, including consumers, to make recommendations on modifications to the supplementary import permit guidelines as well as questions having to do with the allocation of quota and possible renegotiation of the basic import quota itself. This group has already held one meeting and will produce its first recommendations in the very near future. I trust this consultative exercise will produce results which will allow the Canadian industry to function effectively.

## TRANSPORT

### HIGHWAY CARRIAGE OF NUCLEAR MATERIAL—REGULATING AUTHORITY

**Senator Flynn:** Honourable senators, you may have had enough, but I also have a few answers.

Senator Thompson asked a question on November 22 regarding transportation of nuclear materials. I should like him to know that, regardless of provincial jurisdiction for trucking, the Atomic Energy Control Board regulates and licences all carriers of radioactive material. Failure to comply with regulations as prescribed by the AECSB would result in the loss of a carrier's licence.

That is substantially what I anticipated the reply would be.

## HEALTH AND WELFARE

### ADOPTION OF HANDICAPPED CHILDREN—FEDERAL AID

**Senator Flynn:** A question was posed by Senator Thompson regarding the cost-sharing of adoption subsidies to parents of handicapped children. I have been provided with additional information elaborating and clarifying what I said on November 20.

The federal government, through the Canada Assistance Plan, shares in subsidies paid by the province, on behalf of a child in need, to prospective adoptive parents until such time as the adoption is finalized. In fact, prior to the court order finalizing the adoption, the child is similar to a foster child in

that he is in the control of the provincial child welfare authority and eligible for assistance in his own right.

After the adoption of a child has been finalized, the adopting family may receive assistance if that family is recognized as being "in need" on the basis of a needs test. Such a needs test takes into account assets, income, and the budgetary requirements of an applicant.

Subsidies paid by provinces—for example, Ontario—to adopting families on the basis of income-testing, are not shareable under the Canada Assistance Plan legislation.

Under the Income Tax Act, needs-tested benefits are exempt from taxation. Certain income-tested benefits, such as the Ontario subsidies, could be taxable unless exempt through a remission order. Requests for remission orders are initiated by the province and submitted to the Department of National Revenue after recommendation by an intergovernmental committee which considers such orders. Adoption subsidies are on the agenda for the next intergovernmental committee meeting when the committee will be considering remission orders for 1979.

I hope this will clarify any misunderstanding which may have occurred as the result of my previous answer to Senator Thompson.

## SPORTS

### WORLD JUNIOR HOCKEY TOURNAMENT

**Senator Flynn:** Finally, I have a response to Senator Buckwold's question. It is a detailed account of the background which led to Canada's decision not to participate in the World Junior Hockey Tournament to be held this year in Finland.

I am sure that Senator Buckwold, given his great familiarity with international hockey, is aware of the tradition that in the winter of an Olympic competition there is a virtual moratorium on other international competitions. This year, however, the International Ice Hockey Federation decided to proceed with the Finland tournament nonetheless.

Over a year ago, Canada decided that since, in this Olympic year, we were participating in the hockey competition for the first time since 1968, and because the team would likely be drawn from the age level of those who play junior hockey, we would not participate in the junior competition. Accordingly, no provision was made for this expenditure in the budget of Fitness and Amateur Sport for this year.

I must tell Senator Buckwold that the minister was surprised when he learned in September that Canada had somehow become committed to sending a team, and that a federal contribution of \$65,000 was being solicited.

The decision was confirmed at that time, that since the government was far into its budget year, and given the cut-backs which took place in the department last year, the original understanding that Canada would not participate would not be reversed.

**Senator Buckwold:** I should just like to express my appreciation to the Leader of the Government for the very prompt

[Senator Flynn.]

response to my question, and say that I understand the situation.

## THE ECONOMY

### MONITORING OF PROFITS RESULTING FROM INCREASES IN INTEREST RATES AND OIL PRICES

**Senator Frith:** May I express my lack of appreciation—perhaps it is not that serious. However, if we look at the *Debates of the Senate* for last Thursday, we see that I asked Senator de Cotret if he would give us a progress report tonight on the criteria that the Department of Finance was going to use to monitor the undueness of bank and oil company profits. At that time, as I understood it, he undertook to give us a progress report tonight.

**Senator de Cotret:** I have certainly endeavoured to obtain a progress report on the criteria being used, and I am awaiting an answer. I can only assure the honourable senator that as soon as I have an answer I will be happy to indicate it to this chamber.

**Senator Frith:** Is there any indication as to when that could be?

**Senator de Cotret:** No.

## ROYAL CANADIAN MOUNTED POLICE

### SEARCH OF JOURNALIST'S HOME

**Senator Frith:** Last Thursday I also asked Senator Flynn, the Minister of Justice, if he could give us a progress report on the status of the RCMP six-man raid on the Gosselin home, and I understood he was going to do so.

Perhaps, like Senator de Cotret, he has been unable to procure a progress report. I am not asking for an answer, but only a progress report.

**Senator Flynn:** I have a reply for Senator Frith, but it became lost among the other answers that I have on my desk. The question relates to the execution of a search warrant by the RCMP on the home of a journalist by the name of JoAnn Gosselin.

I should like to advise him that the investigation was requested by the Deputy Minister of National Defence, Mr. Buzz Nixon. The raid by the RCMP was authorized by a judicial officer by way of a search warrant.

I have consulted with the Solicitor General, and he informed me that the RCMP has assured the Solicitor General that the search warrant was validly obtained to undertake the investigation.

The document that the RCMP were looking for was found on Mrs. Gosselin's premises.

However, I would like to emphasize that no criminal charges are to be laid against Mrs. Gosselin. The purpose of the investigation is to discover the method by which the material was procured. When and if a decision has to be made in regard



to the laying of charges, it will be made with the authorization of the Attorney General of Ontario.

I should like to repeat once again that this is an ongoing investigation, and it would be inappropriate and potentially prejudicial for me to comment any further on the investigation itself.

**Senator Frith:** I pass for now. Thank you.

## SUPPLY AND SERVICES

### DISTRIBUTION OF PARLIAMENTARY PAPERS—QUESTION ON THE ORDER PAPER ANSWERED

**Question No. 3—By Senator Molson:**

1. Why is the Department of Supply and Services mailing, at considerable cost, additional copies of parliamentary papers to Members of the Senate when copies of these papers are regularly received by them through the Joint Distribution Office?

2. As my secretary has been unable to stop the flow, who should a Senator contact to have his name removed from this mailing list?

*Reply by the Minister of Supply and Services:*

1. Owing to their selective depository status, Senators and Members of Parliament are entitled to receive government publications from the Canadian Government Publishing Centre of Supply and Services Canada. This distribution is upon request only, while parliamentary papers are received automatically from the Joint Distribution Office. Action will be taken to advise Senators and Members of Parliament that all parliamentary papers are distributed by the House of Commons and that at their request we will stop the distribution of those papers from Supply and Services.

2. Should copies available from Supply and Services not be desired, please notify Depository Services, Canadian Government Publishing Centre, Hull, Quebec, K1A 0S5. The same procedure applies to all subscriptions to government publications, for both additions to and deletions from free distribution lists. Requests can also be made by telephone to Depository Services at 992-5616 or Subscription Services at 994-3103.

## CONSUMER AND CORPORATE AFFAIRS

### UNITED CANSO OIL & GAS LTD.—CERTIFICATE OF CONTINUANCE—QUESTION ON THE ORDER PAPER ANSWERED

**Question No. 6—By Senator Hastings:**

1. Has the Director of the Corporations Branch of the Department of Consumer and Corporate Affairs issued a Certificate of Continuance to United Canso Oil & Gas Ltd., pursuant to section 181 of the Canada Business Corporations Act, and, if so, on what date was the Certificate issued?

2. Has the Director of the Corporations Branch of the Department of Consumer and Corporate Affairs advised

that continuance of United Canso Oil & Gas Ltd. in another jurisdiction will not adversely affect its creditors or shareholders and, if so, on what date and under what authority was the letter issued?

3. Has the Director of the Corporation Branch of the Department of Consumer and Corporate Affairs issued a Certificate of Discontinuance with respect to United Canso Oil & Gas Ltd., and, if so, on what date and under what authority was the Certificate issued?

*Reply by the Minister of Consumer and Corporate Affairs:*

1. Yes. A Certificate of Continuance was issued to United Canso Oil & Gas Ltd., on October 24, 1979.

2. No.

3. No.

● (2100)

## IMMIGRATION

### LETTER OF APPRECIATION FROM VIETNAMESE REFUGEE FAMILY

**Senator Buckwold:** Honourable senators, I wonder if I could have leave to read into the record a letter, which I am sure you will all appreciate, received in Saskatoon by a sponsoring group of a Vietnamese family?

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

**Senator Buckwold:** Incidentally, this family was sponsored by the Jewish community of Saskatoon. The letter says:

We are very fortunate to come to a free and benevolent country as Canada. We are also very grateful that the Canadian government and people are so helpful to us. You will be always remembered in our hearts. We, refugees, have been greeted everywhere by Canadians with 'welcome to Canada'. You are so friendly and benevolent. We will be a good Canadian in the future so that we will not disappoint the Canadian government and its people for your love and care.

At last, we are very sorry—

I am just reading the way it is written.

—that we cannot use English to express our gratitude. We hope this is only a temporary difficulty which will be overcome in the future.

With a million thanks.

Sincerely yours,

The Quan Brothers.

In view of the sometimes disparaging comments that are made about the kind of Canadians we are going to develop as a result of bringing in the Vietnamese refugees, I thought it would be of interest to this house and to the people of Canada to know the kind of families that are coming in, and the kind of deep appreciation that is being expressed to us and to the

government for making it possible for them to renew their lives.

**Hon. Senators:** Hear, hear.

**Senator Flynn:** It acknowledges that we have taken a lead role in this respect, I suppose.

**Senator Perrault:** That is right.

**CUSTOMS TARIFF  
THE NEW ZEALAND TRADE AGREEMENT ACT, 1932  
AUSTRALIAN TRADE AGREEMENT ACT, 1960  
THE UNION OF SOUTH AFRICA TRADE  
AGREEMENT ACT, 1932**

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Marshall, for the second reading of the Bill C-18, intituled: "An Act to amend the Customs Tariff and to make certain amendments to The New Zealand Trade Agreement Act, 1932, the Australian Trade Agreement Act, 1960 and The Union of South Africa Trade Agreement Act, 1932". (*Honourable Senator McDonald*).

**Senator McDonald:** Order stands until Thursday next.

**Senator Roblin:** Honourable senators, I wonder if I could prevail upon my honourable friend to proceed with this matter tonight. I would not normally make this request, but this is one of the measures that should be dealt with by the Senate before the budget comes down on December 11. It should be referred, no doubt, to the Standing Senate Committee on Banking, Trade and Commerce. Were it possible to have the matter dealt with this evening I would be much obliged, because it would expedite the business.

**Senator McDonald:** Honourable senators, I apologize to the Deputy Leader of the Government with respect to this matter. However, this bill received second reading here only on Thursday last, and on that day I was unable to get a speaker to respond on behalf of this side of the chamber.

I wanted Senator van Roggen to speak to this bill on behalf of the opposition, but he arrived only today and I do not think he is prepared to proceed tonight. However, I am in the hands of the Senate. If the government wishes to have this bill assented to this week, I am sure we would endeavour to co-operate in every way possible. Nevertheless, I would ask that the matter be adjourned until at least tomorrow, if that would meet the needs of the government.

**Senator Roblin:** Honourable senators, that is a very fair offer, and we accept it.

**Senator van Roggen:** I have not accepted it yet. This matter was raised with me only a few minutes ago. Assuming I can be briefed adequately some time after caucus tomorrow, I shall certainly endeavour to deal with it tomorrow afternoon.

[Senator Buckwold.]

**Senator Roblin:** Thank you very much.  
Order stands.

**STANDING RULES AND ORDERS**

CONSIDERATION OF SECOND REPORT OF COMMITTEE—DEBATE  
ADJOURNED

The Senate proceeded to consideration of the second report of the Standing Committee on Standing Rules and Orders, which was presented on November 22.

**Senator Molson:** Honourable senators, I move the adoption of the report.

**The Hon. the Speaker:** It is moved by the Honourable Senator Molson, seconded by the Honourable Senator Hicks, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

**Senator Roblin:** Honourable senators, might I just be brought up to date here? Are we agreeing to adoption of the report?

**The Hon. the Speaker:** Yes.

**Senator Roblin:** Is this the report that has to do with the rights of senators?

**Senator Perrault:** No, that is Order No. 7.

**Senator Roblin:** That is not rule 104?

**Senator Bosa:** Yes, rule 104.

**Senator Roblin:** If it has to do with rule 104, I should like to have an opportunity to speak very briefly about it on another occasion. In those circumstances, I move the adjournment of the debate.

On motion of Senator Roblin, debate adjourned.

**THE ECONOMY**

BANNING OF 1.5 LITRE SOFT DRINK BOTTLES—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Fournier (Madawaska-Restigouche) calling the attention of the Senate to the adverse effects on the Canadian economy of the banning of 1.5 litre bottles from the soft drink producers in Canada.—(*Honourable Senator Buckwold*).

**Senator Buckwold:** Honourable senators, I am not sure whether I should stand this order. I was hoping to wait until the Notice of Motion of Senator Deschatelets was dealt with, in which case this matter could be dropped and we could deal with his motion. I am in your hands. My speech will be basically to support Senator Deschatelets's motion.

With that, I will let the order stand, and it can be dropped if Senator Deschatelets's motion is approved.

**Senator Flynn:** It could be assumed to have been debated.  
Order stands.



## STANDING RULES AND ORDERS

MOTION FOR ADOPTION OF FIRST REPORT OF STANDING  
COMMITTEE—DEBATE ADJOURNED

The Senate resumed from Wednesday, November 14, the debate on the motion of Senator Molson for the adoption of the first report of the Standing Committee on Standing Rules and Orders.

**Senator Frith:** Honourable senators, I want to make three points on the proposed amendments.

First, I should like to say that I respect Senator Bosa and Senator Olson, and also their point of view. I understand why this suggestion has been made, but although I respect their point of view I just do not happen to share it. I also adopt the observations of Senator Olson, but I do not share his willingness to go along with this suggested amendment as an experiment.

The present rule 49(1)(c) says:

Provided that . . .

(c) a senator who declines to vote shall assign his reasons therefor, following which the Speaker shall submit to the Senate the question, "Shall the senator, for the reasons assigned by him, be excused from voting?", which shall be decided without debate.

I believe there is a principle implicit in the present rule, a principle that can be translated into the slogan: "Stand up and be counted."

● (2110)

One of the present practices might be—to paraphrase Harry Truman—"If you can't stand the heat, get out of the kitchen." Of course, while not wanting to suggest that this chamber is anything like a kitchen, that is, in effect, the present practice if one does not wish to vote on a question. If one does not wish to vote on a question, one leaves the chamber and, by doing so, does what Harry Truman advised—that is, gets out of the kitchen.

I like the present rule. That is why I am suggesting that we vote against this proposed amendment. I am proud that we have a rule that requires us to stand up and be counted. If we do not wish to vote on a question, we can sneak out of the chamber, but if we stay we have to explain our reason.

My colleagues who are lawyers will recognize the fact that, when examining legislation or amendments to legislation—and this is a form of procedural legislation—one normally asks, "What is the evil that is to be remedied?" It is a way to understand why a law is being passed. Many of my colleagues in this chamber, when proposing a bill or supporting a bill, will commence their remarks by saying, "Honourable senators, this bill deals with the following problem," and then they explain the problem. The same thing is done in court. It is done in order to understand the motive or purpose of the legislation.

So, this being a rather bold and intrepid sort of rule, why are we talking about changing it? What is the evil we are trying to remedy? We can only look at the suggestions that

have been made in this chamber as to why it should be remedied.

The first we might call the Macquarrie reason. The Macquarrie reason, as the honourable senator explained when speaking in support of the amendment, is and evidences the fact that there is more than one side to a question. That, of course, is true, but as Senator Olson said, perhaps what we are appointed here to do is take a side on an issue.

Then there is the sub-Macquarrie reason. This would say that the amendment allows us to escape from the dilemma of an omnibus bill. I understand what he means when he talks about the evil of an omnibus bill. The rule puts one in the position of voting for or against the whole of an omnibus bill when one is for one part and against another part.

What did the drafters of this present rule have in mind when they faced the same problem? It was their view that if a senator finds himself faced with an omnibus bill, in respect of which he agrees with some parts and disagrees with other parts, he can simply say, "I decline to vote, honourable senators, and the reason I decline to vote is because I refuse to vote on a bill that is an omnibus bill and does not give me a chance to vote in favour of one part and against another part." I would be persuaded by that. If His Honour said that pursuant to rule 49(1)(c) a senator has said that he declines to vote on a bill because it is an omnibus bill, that he is for one part and against another part, I think I would support him and say that he should be excused from voting. He has persuaded me why he should be excused from voting. That is the first evil that is supposed to be remedied by the amendment, but I do not think it is remedied by the amendment because the present rule gives a perfect answer to that—and an honourable answer at that. It is not a sneaky answer, but an honourable one. Senator Macquarrie can say, "I will not vote for this bill for this reason," and I would respond, "Good for you, Senator Macquarrie; you have given your reason and I support you."

The second reason for amending this rule, and the second evil to be remedied, is the current situation in Parliament where we have a minority government in the House of Commons and a majority opposition in the Senate. So any one of us, particularly on this side of the house, might be faced with a measure that we, in our conscience, oppose but which—to give a perfect example—has been promised by the Conservative Party. If the Conservative Party had been elected on a promise, and is fulfilling that promise by introducing a bill that has the support of the House of Commons, then when the measure comes to this house, where the Liberals are in a position to defeat it, I would not vote against it. I would not vote against a bill that was passed by the House of Commons and was the fulfillment of a mandate given by the electorate because the Conservative Party had promised that they would introduce such a bill if elected.

So why does there have to be an amendment of the rule?

**Senator Bosa:** What would you do?

**Senator Frith:** I could not have prompted a better question. I would stand and say, "Honourable senators, I am not going

to sneak out of this chamber. I am a Liberal and I am against this legislation, but it is before us in fulfillment of a mandate granted by the people. It has been passed by the House of Commons. Although I am against this bill, I am going to decline to vote because I do not think it is my place as a senator to vote against the will of the people, as exemplified by a vote and by passage in the House of Commons of a bill in specific fulfillment of a clear mandate."

That would be my explanation. Would anyone not accept that? Would it be said that under the rule as it now exists my explanation is not sufficient? I do not think so. Therefore, the second evil that is supposed to be remedied by the amendment is perfectly solved by the rule as it stands.

The third reason was given by my esteemed colleague, Senator Bosa. It was one of his main reasons. I thank him for the diligent research he did to show that the Senate of Canada is totally out of step with virtually every other legislature—out of step with the House of Lords and out of step with all the other legislative bodies he mentioned.

**Senator Bosa:** I should like to correct Senator Frith. I did not say we were out of step with the House of Lords because the House of Lords does not have a provision respecting abstention from voting. The other legislatures have, but not the House of Lords.

**Senator Frith:** That intervention does not change my persuasion. The honourable senator has said, as one of the reasons for amending this rule, that we are an anomaly; the Senate of Canada is an anomaly and, therefore, not in step with everyone else.

I am glad we are not in step. I am proud of this rule. If a member of one of the other legislatures asked me why we are out of step in Canada, why we do not allow people to abstain from voting without giving a reason, I would tell him that that is the way we do things in Canada; we feel we are there to vote on the measures brought before us.

To get back to my theme, we are here to stand and be counted. If we have good reason not to stand and be counted, then we stand in our place and explain to our colleagues why it is we do not wish to vote. Following our explanation, the Speaker puts the question: Honourable senators, do you accept this as sufficient reason to allow the senator to decline to vote?

We put the onus on ourselves. We have to persuade our colleagues as to our reason for declining. The only way we can decline to vote is if our colleagues accept the reason given as valid—and there could be any number of reasons. It could be a conflict of interest, or either one of the points mentioned by

Senator Macquarrie. It could be that not having been elected, a senator chooses to decline to vote because he does not want to defeat the government. If it is agreed that that is a valid reason for declining, then that honourable senator need not vote.

What we are going through now is a classic case, and I will not decline to vote on this motion. I will vote against it. However, if I had reason to decline to vote, all I have to do is to rely on the rule itself and stand in my place and say, "Honourable senators, this rule, which serves all of the purposes of this Senate, allows me to say why I decline to vote," and then ask honourable senators to either support me or not support me. Under the present rule, I can decline to vote on this proposed amendment, or I can vote for it or against it. For the reasons I have explained, I intend to vote against it.

**Senator Godfrey:** I wonder if I might put a question to the honourable senator. In the event that 70 Liberal senators decide to abstain, what advantage is there in having each senator individually having to get up and explain his reasons and have His Honour the Speaker take a vote on each one? What is the advantage in that?

**Senator Frith:** I see a terrific advantage. It will not happen, of course, with 70, because it does not take 70. But there is a great advantage in that because the people can then say that senators either vote for or against something, or they stand up and explain why they decline to vote. I think that is a great advantage. We are able to say, out of step with everyone else, that a Canadian senator stands and votes either for or against something, or explains why he declines to vote.

On motion of Senator Macdonald, debate adjourned.

## HEALTH, WELFARE AND SCIENCE

BANNING OF 1.5 LITRE SOFT DRINK BOTTLES—MOTION TO REFER SUBJECT MATTER TO COMMITTEE—DEBATE ADJOURNED

**Senator Deschatelets,** pursuant to notice of Thursday, November 22, 1979, moved:

That the matter regarding the adverse effects on the Canadian economy of the banning of 1.5 litre bottles from the soft drink producers in Canada be referred to the Standing Senate Committee on Health, Welfare and Science.

He said: Honourable senators, I previously spoke on the subject matter covered by this motion. The only purpose of the motion is to provide the soft drink producers involved the opportunity to publicly express their views.

On motion of Senator Buckwold, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.



## THE SENATE

Wednesday, November 28, 1979

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

### DISTINGUISHED VISITORS IN THE GALLERY

#### MEMBERS OF EUROPEAN PARLIAMENT

**Senator Macquarrie:** Honourable senators, may I draw to your attention the welcome presence in our gallery of members of the European Parliament who are meeting with delegates from the two Houses of our Parliament in the Seventh Annual European-Canadian Parliamentary Discussion Series. This group is headed by the distinguished Sir John Stewart Clark of the United Kingdom, and the co-chairmen, Herr Von Hassel of Germany and Signor Carlo Ripa di Maena of Italy.

**Hon. Senators:** Hear, hear.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Report of the National Capital Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report on the administration of Part I of the *Royal Canadian Mounted Police Superannuation Act* for the fiscal year ended March 31, 1979, pursuant to section 26 of the said Act, Chapter R-11, R.S.C., 1970.

Report of the Canadian Saltfish Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 32 of the *Saltfish Act*, Chapter 37 (1st Supplement), and section 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Capital Budget of the Canadian Saltfish Corporation for the fiscal year ending March 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-1798, dated June 28, 1979.

Report of the Freshwater Fish Marketing Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended April 30, 1979, pursuant to section 33 of the *Freshwater Fish Marketing Act*, Chapter F-13, and sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Document showing indexing provisions for personal income tax deductions for the taxation year 1980, issued by the President of the Treasury Board.

### NORTHERN PIPELINE

#### FIRST REPORT OF SPECIAL SENATE COMMITTEE PRESENTED

**Senator Olson**, Chairman of the Special Committee of the Senate on the Northern Pipeline, presented the following report:

Wednesday, November 28, 1979

The Special Committee of the Senate on the Northern Pipeline presents its first report as follows:

Your committee recommends that it be authorized to examine and report upon the enhanced recovery technology of petroleum and natural gas and matters related thereto; and

That, if there is a motion to that effect, bills, messages, petitions, inquiries, papers and other matters relating to petroleum and natural gas generally, including

(i) petroleum and natural gas transmission;

(ii) petroleum and natural gas administration; and

(iii) the exploration, production and conservation of petroleum and natural gas,

shall be referred to the committee.

Your committee further recommends that its quorum be reduced to five members.

Respectfully submitted,

H. A. (Bud) Olson  
Chairman

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

**Senator Olson** moved that the report be taken into consideration at the next sitting of the Senate.

**Senator Smith (Colchester):** I wonder if I might ask the chairman of the committee one question about the terms of reference. I had half expected that there would be some reference in the report to the Q and M Pipeline. I did not seem to hear it when the report was read. Was there any particular reason why it was omitted?

• (1410)

**Senator Olson:** Honourable senators, it was not omitted. Senator Smith is quite right. That is one of the reasons for the expanded terms of reference that are contained in the motion.

When the committee seeks leave to inquire into that specific matter, it is our belief, as a result of consultation with some of the officials, that that should be the subject of a separate and specific motion. If this report is accepted by the Senate, it will expand the terms of reference sufficiently to take that into account when the question is put.

Motion agreed to.

## QUESTION PERIOD

[English]

### ROYAL CANADIAN MOUNTED POLICE

#### SEARCH OF JOURNALIST'S HOME

**Senator Flynn:** Honourable senators, before questions are put by the opposition, I should like to rise on what might be a point of privilege.

As a result of an article in this morning's *Ottawa Journal* based upon the response I gave to a question posed by Senator Frith relating to the execution of a search warrant by the RCMP on the residence of JoAnn Gosselin, I consulted *Hansard* of Tuesday, November 27, 1979. I would therefore take this opportunity to further elaborate upon that response, which might possibly lead to an incorrect impression.

Last evening I stated:

However, I would like to emphasize that no criminal charges are to be laid against Mrs. Gosselin.

I should have stated that no criminal charges are being contemplated against Mrs. Gosselin by my department or by my officials as a result of this investigation. The decision as to whether charges are warranted in this case, as I stated yesterday, is a matter for my colleague, the Attorney General of Ontario. I want the record to make it clear that I am in no way circumscribing or affecting his discretion.

## THE SENATE

#### LIGHTING CONDITIONS IN CHAMBER

**Senator Perrault:** Honourable senators, I have a question to put to the Leader of the Government. Day after day there is mounting evidence that this new government is operating in the dark. I suggest to the Leader of the Government that we have more evidence of it today, or is the reduction in Senate lighting this afternoon a first step in the energy conservation program that we were told about recently by the Minister of Industry, Trade and Commerce and by the Leader of the Government? May I suggest that keeping the opposition in the dark is an especially serious crime.

**Senator Smith (Colchester):** They have not been out of the dark for years.

**Senator Olson:** That was when you were in opposition.

[Senator Olson.]

**Senator Flynn:** I am not surprised that you have not seen the light yet.

**Senator Perrault:** I want to suggest to the Leader of the Government that the only things that do well in the dark are mushrooms, and the government does not want to be accused of mushroom growth, surely. The scriptures say: Let there be light: and there was light. And there is now!

● (1415)

**Senator Flynn:** Certainly not on your command.

**Senator Perrault:** Again, demonstrating the power of Her Majesty's Loyal Opposition in the Senate.

## ENERGY

#### MOVEMENT OF OIL FROM ALASKA TO LOWER FORTY-EIGHT STATES

**Senator Perrault:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. A few days ago the Prime Minister held a press conference in Vancouver, a transcript of which was rushed out to us almost immediately. In responding to a questioner at that press conference, he said:

I expect to have an opportunity to speak to President Carter by telephone before the December 6 date which is set in their legislation.

And that is the legislation respecting the proposed oil pipeline. He went on to say:

I will naturally be discussing the Foothills option and if it is clear, at that time, that Foothills, in fact, is not on, I naturally will be indicating Canada's second preference—

And so on.

Some confusion arises from the fact that a statement has been made in Washington, D.C., by President Carter's office to the effect that the President has set a deadline of tomorrow, Thursday, November 29, for informing Congress as to which of the several competing routes he favours for the transportation of oil from Alaska. If he is not in a position to advise Congress by that deadline, he must then ask Congress to approve a 60-day delay for stating his preference.

What is the reason for this apparent discrepancy between the deadline which has been set by President Carter and the apparent belief of the Right Honourable the Prime Minister that the deadline is approximately one week later on December 6?

**Senator de Cotret:** I do not think there is a discrepancy. The deadline of December 6 was the deadline that President Carter was operating under. If the President elects to make his views known to Congress by November 29, then I am sure that that date, from his point of view, is quite appropriate. I am sure, also, that the Prime Minister is aware of the President's intention to make his views known to Congress before the actual deadline rolls around.

Certainly, it is my understanding that the December 6 date—and I am not sure whether it is the subject of legislation



or simply an agreement—was the final date by which the President was to inform Congress, and everyone was working under that timetable.

**Senator Perrault:** In view of the importance of this entire matter to Canada and, indeed, all of North America, would it not be in Canada's interests to have the Right Honourable the Prime Minister do something more than attempt to place a telephone call to the President of the United States? Certainly, the importance of this issue warrants a major effort in several directions—perhaps a personal visit by the Right Honourable the Prime Minister to the President to make sure that Canada's position is set forth as effectively as possible.

**Senator de Cotret:** I was under the impression that the honourable senator had been present at our discussions since the opening of this Parliament. I have gone to great lengths in answering, to the best of my ability, questions put to me by senators opposite with respect to the many initiatives that we have taken since June 4 last in terms of making Canada's position known to the United States, and those initiatives have been taken at the officials' level, the ambassadorial level and the ministerial level. Also, the aide-mémoire that went between the governments was submitted.

In terms of the personal contact between the Prime Minister and the President of the United States, I would only remind the honourable senator that such a visit had been organized, and the question of an oil line was a topic very high on the agenda, and I so indicated that to this chamber. Unfortunately, for reasons well known to the honourable senator, the President, at the last moment, for very legitimate reasons, was forced to cancel those meetings. Certainly, that was not an initiative on our part. The Prime Minister indicated in his news conference, from which the honourable senator has quoted, his intention to pursue the matter as aggressively as possible, and we have certainly indicated clearly, in as direct a manner as possible, our position respecting an oil line.

**Senator Perrault:** If, as the minister has reassured us, all possible efforts have been undertaken to protect Canada's interests in this matter, what good purpose, then, would be served by the Prime Minister placing a telephone call to the President before the December 6 deadline? What would be the nature of additional representations made, assuming all avenues have been exhausted?

**Senator de Cotret:** Honourable senators, in one breath I am asked to do more, and in the other to do less.

**Senator Perrault:** We do not ask you to do less.

● (1420)

**Senator de Cotret:** We are doing everything possible not only to press but to impress our position on the President of the United States. I can go no further. We have made all the representations that were necessary to bring this matter to the attention of the President of the United States.

**Senator Perrault:** There is no dissatisfaction on this side with the idea of the Right Honourable the Prime Minister contacting the President of the United States. But the minister

has just stated to the house that in effect a "broad offensive" has been launched in order to secure the Canadian position in this matter, that "all representations necessary" have been made. The Right Honourable the Prime Minister said in Vancouver that it is important that he make a telephone call to President Carter before December 6. What would be the nature of the further representations in that final call? Has new evidence come to the fore? The opposition does not oppose the idea of a further telephone call or a further meeting. Indeed, we think the Canadian case should be pressed more vigorously. But what representations remain?

The second question is: Is there any reason for this apparent change in the presidential deadline? The minister seemed to suggest to the Senate this afternoon that November 29 was one deadline and that December 6 was another kind of deadline. Has there been a change in the deadline? Was any information conveyed from the United States to Canada in the past two weeks suggesting that the deadline had been changed? One serious concern is that Canada's position in this pipeline matter may have been formulated too late to be considered in this emergency situation.

**Senator de Cotret:** Once again, honourable senators, I will refer to a detailed answer that I provided to this chamber when I outlined the number of times that negotiations between our two countries on this topic had taken place and I also identified the names of those who made the representations on our behalf and the date those representations were made. If you check the transcript you will find those representations began in early summer and continued through until early fall, leading up to the presentation of an aide-mémoire to the President of the United States in, I believe, early October. I shall have to check that date.

In terms of the deadline that you have referred to, to my knowledge there has been no change in deadline. The deadline of December 6 was set by Congress. Congress wanted to hear back from the President on December 6, so I presume that would be on or before December 6. Now, if this chamber were to instruct me to report back on or before February 15, and if I were in a position to report back on February 1, I certainly hope that honourable senators would not hold it against me if I made my report earlier than the deadline suggested. It is not a change in deadline.

Again, to the best of my knowledge I have no indication and I am not aware of any reasons for a possible earlier message from the President to Congress. I shall be happy to pursue it further and find out if there is some kind of secret here that nobody is aware of.

**Senator Perrault:** I appreciate the minister's commitment to provide a detailed explanation of what is apparently a contradictory report from Washington. Again, the Washington report states that the presidential deadline to give Congress his opinion is tomorrow, and the Right Honourable the Prime Minister stated in Vancouver that the deadline for the President to give his decision to Congress is December 6. There could be a critical misunderstanding involved here, and the opposition would appreciate an explanation.

● (1425)

DISCUSSION BETWEEN PRIME MINISTER AND PREMIER OF  
ALBERTA RESPECTING DOMESTIC OIL PRICE

**Senator Olson:** Honourable senators, I should like to ask the Minister of Industry, Trade and Commerce if he has had any communication with the Prime Minister today and can therefore give us some indication of where the negotiations between Canada and Alberta stand on oil prices and energy matters related thereto.

**Senator de Cotret:** Yes. I would be happy to give you further information, I have had the opportunity of discussing this important matter with the Prime Minister and I am happy to report to this chamber that significant progress was made during the meeting held yesterday between the Prime Minister and the Premier of Alberta. There has been agreement on all important principles of the energy package and, for that matter, there has been general agreement on the details of the package. There are certain details still to be worked out. Consultations between the two levels of government on those specific details are ongoing at the moment and will be in the days to come.

We hope to be in a position in the very near future to announce the details of the agreement, which I should like to underline is much more all-encompassing than just the question of petroleum prices.

**Senator Olson:** I should like to ask a supplementary question. Is it a fact that the price has been agreed to? I am not asking how much, but I would like to know if that has been agreed to. I understand that the Prime Minister said yesterday afternoon that that was no longer outstanding.

I have a second supplementary question. Is it also a fact that the Minister of Finance now knows that he will be able to take into account about \$5 billion more for budgeting purposes during the next three or four years?

**Senator de Cotret:** You will certainly appreciate that the amount of moneys accruing to the federal government over the next three or four years will be announced in the budget of December 11.

To answer the first part of your question, yes, there is a general agreement on the question of price.

**Senator Olson:** I have a final supplementary. I see the Leader of the Government is smiling. He always smiles when I say that it is a final supplementary.

**Senator Asselin:** I am another one who is smiling.

**Senator Olson:** Well, it is nice to see a number of happy people on the government side.

I should like to ask the minister if the amount of the increase in the price of oil as well as the global amount of the distribution of the increase in the price has been agreed to and if what is left is simply the mechanics or the methodology of it being completed by the two levels of government and, indeed, by the industry.

[Senator Perrault.]

**Senator de Cotret:** Again, there has been agreement on the basic principles of the package itself. The outstanding issues have to deal with the specific mechanics by which these general principles are put into play.

OIL PRICE NEGOTIATIONS — DIRECTION OF REVENUE FLOW

**Senator Everett:** I have a supplementary question for the Minister of Industry, Trade and Commerce dealing with the question of the oil price negotiations.

To use his term, in his previous incarnation he was, I believe, the defender of the price mechanism wherein in a situation such as obtains today in respect of oil supply he would, I believe, have argued that the price level should be increased to reduce demand and that the revenues from that increase in price level should flow to the producer in order to increase supply. Is he still of that opinion now that he is Minister of Industry, Trade and Commerce and Minister of State for Economic Development? Moreover, has he pressed that view on the Prime Minister and those who are conducting the negotiations with the Province of Alberta?

● (1430)

**Senator de Cotret:** I would like to assure my honourable colleague that I am in full agreement with the overall package that is being proposed by the federal government in the energy field to ensure that we become self-sufficient by the year 1990. Not only am I in full agreement with the overall package, I am in full agreement with the various components of the package; and I believe I can also assure my honourable colleague that the considerations I would have had in my previous incarnation, and those that he has just mentioned, are very much part of the package—more specifically the necessity for the increase in the price of crude to approach world levels, as I have mentioned a number of times. I do not think I have changed my position on that for a great number of years.

Honourable senators, I hold the position that we should maintain a margin with U.S. prices, because obviously with our major trading partner we certainly cannot go faster. I am not even sure that we would like to come to exactly the same price level. I think we should keep a competitive margin there to help our manufacturing and processing sectors; and that certainly is an element of the policy, as I have mentioned time and time again, and the necessity on the producers' side for sufficient cash flow to bring on stream additional resources and enhance the supply side. Certainly that has always been my position. It is certainly part and parcel of the overall strategy, and the need to provide for adjustment mechanism in the whole process. So I do not think there is any inconsistency between my previous position and the package that is now under discussion. I think they are fully consistent. Certainly, my views in the past have been communicated and are in agreement with the views of the present government.



**Senator Everett:** I am delighted to hear that. Could the minister give the house a brief explanation of what he has just termed "the adjustment process"?

**Senator Flynn:** Do you want a speech?

**Senator de Cotret:** In terms of the adjustment process, I think the details of any program that are put in place will be announced in due course. But certainly with a rapid increase in the price of petroleum, account has to be taken in terms of how that impact works itself through the economy. The impact has to work itself through the economy with the least negative fallouts and in the most expeditious way.

### GRAIN

#### INTERIM PAYMENTS BY CANADIAN WHEAT BOARD ON CURRENT CROP

**Senator Argue:** Honourable senators, I should like to direct a question to the Minister of Industry, Trade and Commerce concerning an unforeseen injustice that may well take place and affect a substantial number of wheat producers unless certain action is taken.

By way of background, I wish to say to the minister that the Wheat Board announced yesterday that the interim payment, the adjustment payment, on wheat delivered in this current crop year is about to be placed in the mail. The minister may realize that a substantial number of western wheat producers are delivering wheat this year and have accepted deferred payment into 1980. The interim payment that is now going to all wheat producers, as I understand it, will certainly be considered as 1979 income unless action is taken by the government.

Since it means that farmers who wish to defer payment for wheat they delivered this year cannot fully have the matter deferred because the interim payment of 75 cents on spring wheat per bushel and \$1 on durum per bushel is now being made, would the minister consult with the Minister of National Revenue to see whether an order may be issued to the effect that producers who have deferred payment into 1980 may have this portion of the income they now receive considered as 1980 income?

Another mechanism that could be used would be to say to the producers, "If you care not to cash those Wheat Board cheques until January 1980, they will then be considered as 1980 income." The whole general scheme is a device to allow wheat producers to have some control over their income and therefore the level of taxes they are paying. I do not think anyone really foresaw the injustice that is likely to take place, and some action should be taken. I would ask the minister to make representations of this kind to his colleague.

● (1435)

**Senator de Cotret:** I would first of all like to thank the honourable senator for bringing this important issue to my attention. I will take it up with my colleagues, the minister responsible for the Wheat Board, the Minister of Finance, and the Minister of National Revenue. I would like to think that

there are mechanisms already in place to deal with the matter, but certainly I will bring it to their attention and report back.

**Senator Argue:** I might say that if this action can be taken, the wheat producers will thank the minister, the government, and anyone else involved in removing an injustice that must have been unforeseen.

**Senator de Cotret:** I certainly appreciate that. I would also like the honourable senator to appreciate that this payment was initially designed to facilitate, not complicate, the lives of wheat producers, so if there are any unforeseen negative impacts we are certainly going to look into the situation.

[Translation]

### NATIONAL UNITY

#### QUEBEC WHITE PAPER ON SOVEREIGNTY ASSOCIATION— INTENTION OF FEDERAL GOVERNMENT

**Senator Lamontagne:** Honourable senators, I have a question for the Leader of the Government. The white paper recently released by the Government of Quebec on the new Quebec-Canada agreement being a direct and systematic indictment of federal policies since the beginning of Confederation in 1867, and that indictment being for a very large part based on lies of commission and omission, does the federal government intend to stand up and set the facts straight and publish a rebuttal of the white paper with a view to further enlightening Quebecers before the referendum?

**Senator Flynn:** On the last part of the question, namely whether we intend to publish an official rebuttal of the white paper, no decision has yet been made in that respect. However, I can ask my colleagues whether that should be done. However, there is no doubt that publications and studies are available, and others are being prepared which will certainly make it possible to point out to Quebecers, and other Canadians alike, the falsehoods that unquestionably exist in the white paper in that respect. The policy of this government is indeed to show Quebecers that the federal system still offers the most guarantees in terms of both individual liberties and cultural, social as well as economic development.

**Senator Lamontagne:** A supplementary question, because I believe the minister did not really answer my question. When will he be able to say the government has decided to make an official reply to that paper?

**Senator Flynn:** I will tell you when the decision is made one way or the other. The white paper was published recently. I imagine we can expect rebuttals from the Quebec Liberal Party headed by Mr. Claude Ryan. I also imagine the paper to be produced by that party will answer the accusations in the white paper.

In my humble opinion this job is the immediate responsibility of political parties in Quebec. They are in a better position than we are, at least if we consider the success of the federal government policy until now. However, I do not think that the honourable senator should be concerned that the present government will not take the initiative and do what is required,

useful and wise. Perhaps we could publish a new edition of the book of the honourable senator on Canadian federalism.

**Senator Lamontagne:** Do you want a copy?

**Senator Flynn:** I have read it, but I was wondering whether you believed yourself that it would be useful to publish a new edition, at this time.

**Senator Lamontagne:** One last supplementary. Am I to understand that this government wants to leave the major responsibility to members of the opposition in provincial politics to defend the policies of the federal government?

**Senator Flynn:** Not at all. What we have said is that it is first and foremost up to Quebecers to determine their own future.

**Senator Lamontagne:** In full consideration of the facts?

**Senator Flynn:** In full consideration of the facts, of course. I am not as worried as the Honourable Senator Lamontagne about the good judgment of Quebecers. However, if you are saying that it would be useful to give them a lot of figures and to start a new war of numbers, I think you are wrong.

It seems to me that honourable senators, including even our worried colleague Senator Lamontagne, should realize in view of all the by-elections held in Quebec in the last few years that Quebecers do not need a lot of figures to make up their minds, since these by-elections clearly indicate opposition to the constitutional alternative advocated by the government now in power in Quebec.

This is, therefore, a very good sign that we can have confidence in Quebecers for the referendum. Senator Lamontagne will perhaps change his mind and go and help them. I have no objection to that. He might give them other opinions, even mine if need be. However, I believe that it is quite clear that the people of Quebec know where they must go and what decision they must make for the referendum. As for me, I am not pessimistic. We will do what is necessary, but not what is superfluous and especially not what might embitter or irritate Quebecers by leading them to believe that we are trying to tell them what to do.

● (1440)

[English]

### CROWN CORPORATIONS

#### PETRO-CANADA—DATE OF ANNOUNCEMENT OF GOVERNMENT'S INTENTION

**Senator Perrault:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. As honourable senators are aware, Mr. William Hopper of Petro-Canada testified before a committee of the other place yesterday. Deeply disturbing are the suggestions made by Mr. Hopper when he said, with respect to Petro-Canada, "rapid government action is required." He referred to "the damaging uncertainty surrounding the corporation at the present time" and he talked in terms of "damaging uncertainty" and "grave-ly affecting Petro-Canada."

[Senator Flynn.]

The other day the minister stated:

We expect to be in the position in a fairly reasonable period of time to announce exactly how the government intends to proceed with the matter of Petro-Canada.

My question is this: As a result of Mr. Hopper's testimony yesterday outlining the serious difficulties now facing Petro-Canada because of government inaction and uncertainty, is the government resolved now to set a specific time when the decision will be made in respect to Petro-Canada? Surely it is in the public interest.

**Senator de Cotret:** As I indicated in the answer that the honourable senator quoted, we will be in a position in a "reasonable"—in the full meaning of the word—period of time to announce specifically what we intend to do in the question of Petro-Canada.

In terms of Mr. Hopper's testimony, it is obviously an expression of his own opinion of the situation, and he is fully entitled to his own opinion.

**Senator Perrault:** May I ask the minister whether "reasonable" to the Conservative government is five years, two years, two months or three weeks?

**Senator Flynn:** It is more "reasonable" than your side.

[Translation]

### NATIONAL UNITY

#### QUEBEC REFERENDUM

**Senator Robichaud:** Honourable senators, perhaps I might speak on the same theme as Senator Lamontagne and ask a few questions of the government leader. By way of introduction, as far as I know there have been already two referenda in Canada. The first was held in 1928 on prohibition. The question was clear, short and straightforward. It was put in advance before all those who were asked to vote yes or no.

The second was held in 1942, on conscription. Here again, the question was clear and straightforward and announced long in advance to give electors time to study the issue and make their choice.

Now I wonder if the third referendum will allow the people who will have to make their choice to do so fully aware of the facts, as the government leader said. Will Quebecers have enough time to study a clear, short and straightforward question before the referendum? I put this question as a Canadian, as someone very concerned about the future. I put it also as a French-speaking Canadian outside Quebec. I put it as an Acadian because my future and that of my people is at stake.

Would it not be possible at this time to get from the Quebec premier or his representative, Intergovernmental Affairs Minister Claude Morin, a clear and straightforward question? I



am simply asking for myself and all the people I represent here.

**Senator Flynn:** Honourable senators, of course the question put by Senator Robichaud depends entirely on the Quebec government and the National Assembly. Unless I am mistaken, I understand that the question is to be announced before Christmas and that it should be put to the National Assembly in January or February. If I am right, there will be at least 60 days between the adoption of the question by the National Assembly and the date of the referendum which will be set subsequently.

I am still confident that whatever the question, whatever its degree of frankness, Quebecers will realize its meaning. It is the meaning of the question that is important.

Now there is nothing I can extract from Mr. Lévesque at this point, nothing that can be extracted by Mr. Ryan. And I shall get still fewer secrets from Mr. Morin than I could from Mr. Lévesque. Mr. Morin, the father of gradualism, certainly will want to influence the question so as to make it a less decisive step, which is the government's true objective. I must suggest and I repeat that I am quite confident that the question's true meaning will be understood by Quebecers and that they will give an enlightened, clear and definite answer along the lines of their present inclination, which is indicated by the results of the seven by-elections held to date by the Quebec government. I emphasize they have been thoroughly beaten seven times out of seven. Quebecers will want to state that their future and that of French-speaking Canadians outside Quebec, their brethren with whom they must stick, is within our Canadian confederation.

**Senator Denis:** As a supplementary, since the president of the Canadian Broadcasting Corporation recently decided to grant air time to those who promote the Quebec separation, I would like to know whether the Canadian Broadcasting Corporation, which in my view was established to promote national unity, may give time to those who promote the separation of Quebec. The president said so. I would like to know whether the government approves the decision taken by the president of the CBC, and if not what it intends to do.

**Senator Flynn:** I see that Senator Desruisseaux applauds at the question—

**Some Hon. Senators:** Senator Molson.

**Senator Flynn:** Ah, Senator Molson! I beg your pardon, Senator Desruisseaux, if I offended you by confusing you with Senator Molson!

**Senator Denis:** We have a leader who is very funny.

**Senator Flynn:** Well, you used to be very funny yourself.

**Senator Denis:** You should be promoter for the paper *Le Canard*.

**Senator Langlois:** *Enchaîné*.

**Senator Denis:** Yes, *Le Canard enchaîné*.

**Senator Flynn:** *Le Canard enchaîné*, but sometimes he is "le canard déchaîné". Senator Denis is rather amusing. Of course,

I have always enjoyed his occasional remarks. All of a sudden, he comes out of his torpor, to use an expression that is correct, and asks us a question I have already answered. But, once again, the question put by Senator Denis is that of a pessimist. Do you really think you would be serving the federalist cause if you said to those who are against "You do not have the right to speak"?

**Senator Denis:** Neither one of them.

**Senator Flynn:** No, no, just a moment. "You do not have the right to speak. You will not have the right to discuss. We simply decide. We simply discuss our view. You, we ignore entirely." Well, I say this is the worst method you could use. It is a matter of fair play. There is, unfortunately, a legitimate government in Quebec, legitimate because the former Canadian Prime Minister helped defeat Mr. Bourassa's regime. In any case, it is legitimate; it is there.

So you are going to tell people, "we will not discuss your option on the CBC. We will discuss ours only." I find that rather unwise. I have faith in Quebecers, a lot more than Senator Denis does. Of course, he was elected in St. Denis for nearly 50 years without having to prove anything. Without having to prove anything, he was always elected. Had he been anything, he would have been elected. But the time of blind trust is over. I believe we can now trust Quebecers who will give the real answer, the right answer even if we—

**Some Hon. Senators:** Oh! Oh! Oh!

**Senator Flynn:** Did I awake someone? I might have awakened someone. They will give the right answer to the option being promoted by the Government of Quebec, even if the proposition is not properly explained. Quebecers will then decide, in full consideration of the facts, even if they are shown only one side of the coin because I know there is a better side, and that is the one Quebecers will choose.

● (1450)

[English]

## REGIONAL ECONOMIC EXPANSION

REQUEST FOR INFORMATION CONCERNING POSSIBLE GRANT OF \$50 MILLION TO HULL

**Senator McIlraith:** I should like to direct a question to the Minister of Industry, Trade and Commerce. It arises out of some questions in the area of regional economic expansion, and in particular newspaper stories which appeared in the Ottawa papers during the past two days. These stories contain both speculation and direct quotations from the Minister of Regional Economic Expansion. The matter is further confused by some questions asked and answers given in the other place that appear in yesterday's House of Commons *Hansard*.

Can he tell us exactly what the status is of the alleged capital grants of some \$50 million in the Hull region. These grants come under the DREE program. What is the situation on the corresponding Ottawa side of the river?

If the minister is not in a position to make a statement now, could he obtain the precise information and give it to the Senate in the next day or two?

**Senator de Cotret:** I am not in a position to make any announcements in this area. I can only assure Senator McIlraith that an announcement regarding all these matters—a clear announcement regarding all these matters—will be made by the government in the next few days.

**Senator McIlraith:** A supplementary question. If the minister is not able to announce whether the areas are being designated under the program, would he, in the meantime, consider making an announcement to clarify the uncertainty that exists now?

My reason for putting that supplementary question is that it is my view that considerable damage is being done to an already strained economy in the whole region, including both sides of the river, by these uncertainties. The Hull side of the river has, as he knows, a high unemployment rate at the moment. On the Ottawa side, there is a great deal of uncertainty over some statements regarding staff dismissals, and so forth. If the minister could make that statement, it would be helpful to us.

**Senator de Cotret:** I appreciate Senator McIlraith's concern over this matter. I might add my own concerns over the inaccuracies, in many respects, of some of the reports that have appeared in the press. As I indicated, the government will make an announcement on its policy in the very near future, and by that I mean in the next few days. That should clear up any kind of uncertainty that may have arisen as a result of the allegations made in the press.

## MULTICULTURALISM

### CANADIAN CONSULTATIVE COUNCIL ON MULTICULTURALISM AS SOURCE OF ADVICE

**Senator Bosa:** I have a question to put to the Leader of the Government in the Senate. The question relates to a Progressive Conservative Party statement on multiculturalism issued by the Progressive Conservative National Headquarters on May 3, 1979. Page 4 of that statement reads, in part, as follows:

The cornerstone of federal commitment to a multicultural Canada should not be yet another bureaucracy, but rather a body representative of the ethnic communities themselves. We believe that the Canadian Consultative Council on Multiculturalism has demonstrated its potential to act as the central instrument of federal multicultural policy.

A P.C. government will look to the C.C.C.M., not the civil service, as its primary source of advice on multicultural policy and ethnic services. We will also shift control over the bulk of federal direct spending in this field to the C.C.C.M., subject to government guidelines and the usual guarantees of Parliamentary accountability.

Can the Leader of the Government inform the Senate when this very major and substantive change is likely to take place?

[Senator McIlraith.]

● (1500)

**Senator Flynn:** I shall take the question as notice and inquire of the minister.

[Translation]

## INTERNATIONAL DEVELOPMENT

### AID TO HONDURAS

**Senator Robichaud:** Honourable senators, I would like to put a question to the Minister of State for CIDA. I am sorry but I did not have the opportunity to give him notice of it.

[English]

Honourable senators, I read this morning in the press a news dispatch to the effect that:

An \$18-million Canadian aid program to help Honduras develop forestry, agriculture and mining resources was announced by the Canadian International Development Agency (CIDA) yesterday.

And the item goes on. I am not critical of this and I do not want the minister to interpret my remarks as being critical. But in view of the fact that our Canadian forestry industry accounts for as much in the balance of trade as the agriculture industry, the mining industry, the fishing industry and the fuel industry all taken together—in other words the forestry industry is equivalent to, if not more than, all these combined—in view of the fact, if my memory serves me right, that last year the federal contribution to the industry in Canada was in the area of \$38 million, and in view of the fact that the total figure of exports in the forestry industry from Canada amounted to \$18.470 billion, does the minister feel it adequate? If we can provide help to develop the forestry industry in Honduras to an amount of X millions of dollars, and only \$38 millions of dollars to the industry in Canada, does he feel that this is proportionate.

I have not given him any time to study the figures and I do not expect an answer today, but I hope that he will take this as notice.

**Senator Asselin:** Honourable senators, this is a very complicated question and, I might add, a good one. I am aware of the problem, but in order to give more details to my honourable friend I shall require a little more time and I shall give an answer at a later date.

**Senator Robichaud:** Honourable senators, as a supplementary I would ask what proportion of the \$18 million, a large part of which is free of interest, is going to Honduras for the development of their forestry industry.

**Senator Asselin:** I do not have the exact figure before me, but I shall investigate that also.



## ENERGY

## DISCUSSION BETWEEN PRIME MINISTER AND PREMIER OF ALBERTA

**Senator Goldenberg:** Honourable senators, I would like to revert, if I may, to a question which I think the Minister of Industry, Trade and Commerce answered only in part. It was with reference to what he called the package deal between the Prime Minister and the Premier of Alberta on oil prices. I understood the minister to say that all that remained to be agreed upon was the mechanism or mechanisms. Would the minister give us a definition of the word "mechanisms" in the answer to that question? Do the mechanisms include the proposed self-sufficiency tax, and a decision as to the division of the revenue from that tax, or the basis on which that tax is to be imposed?

**Senator de Cotret:** Once again, honourable senators, I would like to say that there is agreement on all the important principles and details, not only in the price area but in the total energy package. There are certain specific details of a mechanical nature that still have to be ironed out. They are being discussed between officials of the two governments at the moment, and I would prefer at this time that those negotiations should go forth before making any announcement as to the specifics.

**Senator Goldenberg:** I don't want to pin the minister down, but the reason I am asking this question is that I watched the CBC news at 11 o'clock last night, and Mr. Lougheed appeared to make it clear that there was no agreement on the so-called self-sufficiency tax or the basis on which it was to be levied. I suggest that that would indicate that the package is not an all-inclusive one, and "mechanism" may not be the appropriate word for what remains to be decided.

**Senator de Cotret:** Honourable senator, if you want to imply that the word "mechanism" is unimportant, I would agree it is not an appropriate word. I think it is a mechanical issue that we are discussing rather than an issue of principle, but it is important.

**Senator Goldenberg:** If I may rise again, honourable senators, it certainly is more than a mechanical question whether the tax is to be imposed on profits or on total revenues. That is not a mechanical matter. That is a matter of much greater concern in terms of the revenue that the Government of Canada would be able to derive from the increased price of oil.

**Senator de Cotret:** I would be very hesitant to get involved in a question of semantics. Obviously the question that remains to be resolved is important. It is being addressed by officials of both levels of government. As I indicated earlier there is agreement on the principles of the package. Agreement on the details of the package we will be in a position to announce in the very near future.

**Senator Goldenberg:** I hope the minister does not suggest that millions or billions of dollars come under the heading of semantics.

## VETERANS AFFAIRS

## BUDGET CUTS—DETERIORATION OF SERVICE TO HOSPITALIZED WAR VETERANS

**Senator Haidasz:** Honourable senators, I should like to ask a question of the government leader. In view of the drastic budget cuts effected by the Treasury Board which have caused serious deterioration of service to our hospitalized war veterans, could the government leader assure this chamber that he will bring this serious matter to the attention of the President of the Treasury Board?

● (1510)

**Senator Flynn:** That is the first time I have heard of any cuts in this area, and I shall certainly take the question as notice. This surprises me, because I must say that the Minister of Veterans Affairs is dedicated to the cause of the welfare of veterans. I would be surprised that any decision along that line would have been taken. However, I will inquire.

**Senator Haidasz:** In view of the many needs of our war veterans, would the Leader of the Government show his concern for them by supporting the cause for a full-time Minister of Veterans Affairs?

**Senator Flynn:** I do not think that is necessary. The present Minister of National Defence, who is also the Minister of Veterans Affairs, is very concerned with the welfare of veterans, and I do not think the veterans have any complaint about the way he is behaving.

**Senator Haidasz:** We have had complaints.

## FOREIGN AFFAIRS

## EMBARGO ON OIL SHIPMENTS FROM IRAQ

**Senator Flynn:** Senator Bosa asked a question based upon an editorial in yesterday's *Globe and Mail*. He alleged that the Government of Canada had kept secret an embargo by Iraq on oil exports to Canada since June of this year.

I would like to tell Senator Bosa that the editorial, and hence the allegation, is inaccurate. The government did learn in late June that the Iraqi national oil company had ceased exportation of oil to Canada. Canadian officials immediately sought clarification of the Iraqi policy, but never received an official statement from the Government of Iraq. This would seem to have been a case of a secondary boycott having been imposed by Iraq's only oil company, but not with the official sanction or direction of that government.

It is fact, and stories in the *Globe and Mail* and other newspapers bear this out, that officials of the Department of External Affairs publicly acknowledged on June 28 and June 29 of this year that they were aware of the apparent embargo and were attempting to seek clarification of the situation. Governmental officials have spoken openly and freely to reporters and others on this issue. Accordingly, accusations of government secrecy are false.

I am happy to inform Senator Bosa that what he described as "the embargo" has ended, and that Canadian Petrofina is once again in a position to receive supplies from Iraq.

## TRANSPORT

### DERAILMENT AT MISSISSAUGA—ACTION TO AVOID SIMILAR OCCURRENCE

**Senator Flynn:** I have a reply to questions asked by Senator Thompson and Senator Godfrey on the train derailment at Mississauga. Last week both Senator Thompson and Senator Godfrey asked questions relating to the government's intended action subsequent to the Mississauga train accident.

I would like to tell Senator Thompson that the date of the interim "show cause" order to the railways by the CTC was November 16. At that time the railways were invited to respond. There have been subsequent meetings, and an interim order was issued late yesterday by the CTC governing the makeup of trains carrying toxic and combustible goods. The railways are now obliged to comply with a directive that tankers carrying these two types of material be at least 250 feet apart on any freight train.

I would like to confirm, for Senator Godfrey, that the *Maclean's* article regarding directives by British Rail is indeed accurate. It was felt by the CTC that as an interim order, pending the findings of the special inquiry into rail safety, this measure would satisfactorily ensure public safety. It is, of course, possible that specific recommendations regarding the spacing of tankers, or indeed, whether or not they should travel on the same trains, will ensue in the report of that inquiry.

The minister is currently studying proposed terms of reference for the inquiry, and expects to make an announcement later this week.

## OLD AGE SECURITY ACT

### BILL TO AMEND—SECOND READING

**Senator Marshall** moved the second reading of Bill C-6, to amend the Old Age Security Act.

He said: Honourable senators, I have been interested in this bill since its original inception in 1975. It is pleasing to note that the government, after only a few months in power, has overcome a serious inequity in the bill, of which those honourable senators who have been interested in the bill since its inception are certainly aware.

For the most part, I am both pleased and disappointed. I am pleased because it will include some 5,200 senior citizens who were not included before. However, I am a little sorry because it does not include single people in the same age group, between 60 and 65, who cannot be included at this time.

The provision will affect all those widowed spouses under the age of 65 who have not remarried and who are in receipt of the allowance at the time of their spouse's death. Such persons will be reinstated for receipt of the allowance as of November 1979. From that time on, of course, the extension will apply automatically in all cases following the death of the pensioner.

[Senator Flynn.]

I should remind honourable senators that in 1975 a similar bill was introduced in the House of Commons by the then government, which should be commended for implementing a new situation regarding senior citizens. Unfortunately, even though the introduction of that amending bill was commendable, whereby the spouse of an old age pensioner aged 65 was qualified, and the spouse aged between 60 and 64 qualified also—that was a breakthrough—they forgot the fact that the under-65 spouse of an over-65 old age pensioner who died was cut off from the old age pension and forced to rely on the welfare of the state, or of the province in which she lived.

In 1978, in order to provide an adjustment period, the government of the day introduced an amendment whereby the spouse who fell into that category would qualify for six months after the death of her husband. That was also commendable, but it left the inequity with which we are still faced after the introduction of this bill.

The criterion for eligibility will be entitlement to the spouse's allowance for the month of the death. If the spouse is eligible, but has not yet received payment, she will not lose her eligibility. In other words, the spouse of an old age pensioner, who is between the ages of 60 and 65, will now qualify continuously after the death of her husband.

**The Hon. the Speaker:** Order. I hope that honourable senators will not mind my calling the attention of the Senate to the fact that as I rose there were six conversations taking place while Senator Marshall was explaining this bill. We do have a rule, which I do not intend to enforce. It is rule 16 which reads:

When the Senate is sitting . . .

(c) if senators have occasion to speak together, they shall go below the bar, otherwise—

This is where an obligation is placed on me.

—the Speaker shall stop the business under discussion.

It is not my intention to stop the business under discussion, and I hope that no one will think that I intervened on this occasion merely because I am envious of those who are able to talk at will on the floor, as I am not.

● (1520)

**Senator Marshall:** Thank you, Mr. Speaker. I am sure your remarks relate to the excellent speech which I am making at the present time.

**Hon. Senators:** Hear, hear.

**Senator Marshall:** I should just like to repeat, since I was interrupted, that the main purpose of the bill is to provide for those spouses of old-age pensioners a continuation of the single rate of pension. This, to my mind, is a good step forward in the consideration by government for the old-age citizens of our country.

To continue, honourable senators, for persons not now receiving the allowance who can be reinstated, an application will be required along with a statement of income. Appropriate steps will be taken to ensure that former allowance recipients are aware of the need to re-apply. For persons currently in



receipt of an allowance, when a report is received of a pensioner's death, the spouse's allowance will be automatically recalculated with effect from the following month, using the statement of income provided by the spouse on the joint application previously submitted by the couple, and eliminating the income of the deceased pensioner.

As a result of this, the recalculation of the spouse's allowance will:

- (a) continue at the same rate if neither spouse had any income and the maximum allowance was payable;
- (b) increase to a higher rate if the pensioner's income ceased with the death and the spouse has no income or only a small amount;
- (c) decrease to a lower rate if the spouse had income in a larger amount—which is natural; and
- (d) cease to be payable at all if the spouse has an income over the level at which entitlement ceases.

The bill provides for a reduction formula based on the income of the surviving spouse that is somewhat different from the reduction formula based on the combined income of the couple. The maximum allowance will be reduced by \$3 for every \$4 of monthly income of the surviving spouse until the OAS equivalent portion is eliminated; and then by \$1 for every \$2 of additional monthly income until the GIS equivalent portion is also eliminated. For example, honourable senators, the cut-off amount for a married couple is now \$9,204 and, for the single recipient, the cut-off is \$3,527.99.

When the combined income of the couple is used, the GIS equivalent portion of the spouse's allowance and the GIS of the pensioner are each reduced by \$1 for every \$4 of monthly income. As a result of the change, the income level at which the surviving spouse will cease to have entitlement will be lower than where the couple's combined income will be taken into account. This will ensure greater parity between the surviving spouse and the single widowed or divorced pensioner receiving a supplement on the basis of his or her own income.

For each subsequent fiscal year, the surviving spouse will be required to submit a renewal application giving a statement of his or her income. Again, this is required under the bill as it presently exists. Each year the old-age pensioner and his wife, or singly, have to apply for the benefit.

In the years following the death of the pensioner, fluctuations in the surviving spouse's income may result in a higher or lower allowance. If, for instance, the spouse receives survivor's benefits following the death of the pensioner spouse, these payments will have to be taken into account in determining entitlement to the allowance in the following fiscal year.

The surviving spouse will be permitted to exercise all the options provided by the act whereby an estimate of income in the current calendar year may be substituted for the actual income of the preceding calendar year. These apply, as you know, when the applicant has retired from employment or has suffered a loss of or reduction in retirement income, and provides protection against sudden loss of income.

The normal provisions for escalation of benefits on the basis of the cost of living will continue to apply to the benefits payable to the surviving spouse. As you also know, the OAS pension and the GIS are increased quarterly—in January, April, July and October—if the consumer price index is increased, and this added protection will be available to the surviving spouse as well.

You are no doubt also aware that eligibility for the spouse's allowance is based in part on the completion of a certain period of residence in Canada. A person who has not completed sufficient residence to be eligible for the full spouse's allowance may receive a partial allowance related to the total number of completed years of residence in Canada after the eighteenth birthday. As you recognize, a person has to have lived 40 years in Canada after the eighteenth birthday in order to qualify. This is another amendment that came into effect a few years ago in order to give a partial income for periods of residence below that age.

The usual provisions with regard to payment outside of Canada will continue to affect the extended spouse's allowance. It will be payable for six months following the month of departure from Canada, and will then be suspended until the surviving spouse returns to this country. If the surviving spouse changes his or her residence to another country, the allowance will be resumed only if residence in Canada is re-established.

In total, therefore, honourable senators, the bill will establish a continued right for the surviving spouse to receive the spouse's allowance following the death of the pensioner up to the month in which he or she reaches 65 and becomes eligible to apply for the OAS pension under ordinary circumstances.

With some slight adjustments in the calculation of entitlement on the basis of income, which are felt to be necessary for the purpose of equitable treatment of various classes of OAS beneficiaries, all of the provisions that apply before the death of the pensioner will continue to apply to the surviving spouse. The continuation of the allowance will ensure that the period prior to age 65 will not be a period of hardship because of the loss of the spouse's allowance. This, indeed, is the main purpose of the bill.

What we have here is a bill that makes the best of a comparatively poor situation. Under this legislation at least those persons who have been fortunate enough to be eligible for income support under the spouse's allowance program, and who have come to depend on that program, will not have to face the trauma of losing those benefits because their old age pensioner spouse has died. The compassion shown in this amendment is obvious. The priority placed on discontinuing the suspension of the allowance is evidenced by the fact that neither the cost involved nor the logistics of legislative drafting have been permitted to delay this change.

In the next fiscal year some 5,200 near-aged widows and widowers will have greater financial security and be spared the upset of benefit suspension because of this legislation.

Honourable senators may ask the question which I have been asking since 1975: What about the others? You may well

ask that question, because there are many other people aged 60 to 65 who never were and probably never will be eligible for the spouse's allowance. The situation of people in this age group is one of the key issues being examined by the committee of this house headed by my good friend and colleague, Senator Croll. The report of that committee is being anxiously awaited in all corners of this country. We can well expect that the report of Senator Croll's committee will have a major impact on the review of the retirement income needs of Canadians in the 1980s, which was announced in the Throne Speech and which is being undertaken by one of the standing committees of the other place.

● (1530)

I might also say to members of the Standing Senate Committee on Health, Welfare and Science, which I have the honour to now chair, that this is a topic which will interest us, and into which we can delve in trying to impress on those in the other place the need to overcome discrimination on the ground of marital status.

The new government has indicated that a great deal of attention and effort will be devoted to the position of older Canadians. I am sure that the report of Senator Croll's committee will enlighten us on the problems we face in that area. This is a move to be applauded and encouraged, but it is long past the time when we should be dealing with this subject. The role of this house is to undertake this kind of study, and the result will be significant, I hope, given the interest which we have traditionally had in such matters. I should also mention the committee headed by Senator McGrand. This will bring to the fore many matters which Canadians should have been dealing with in years gone by.

However, in leaving the hypothetical future and returning to the realities of the present, honourable senators, this bill takes two small but significant steps toward improving the scope and protection offered by the Old Age Security Act. The first ensures that a spouse's allowance recipient may retain access to the program's protection even if the older spouse dies. As long as the residence and income requirements are met, a widowed allowance recipient may continue to receive the benefit until death, remarriage or reaching the age of 65 when regular OAS benefits become payable.

The second change permits the continued payment of OAS benefits even if the recipient or the recipient's spouse is sentenced to prison for more than 90 days. The suspension of OAS benefits in these circumstances had been one of those minor but nagging remnants of the days when OAS was considered a privilege rather than a right, and persons in prison were, in addition to their incarceration, subject to the loss of their benefits.

Honourable senators, during the debate on second reading and the discussion in the Commons committee—both which I have read carefully—it was suggested that this bill did not go far enough and that all former spouses allowance beneficiaries who had been cut off due to the death of their spouse—and those were the people who, while under the age of 65 had been relegated to the mercy of the state after their spouse died—

[Senator Marshall.]

since the beginning of the program should be reinstated. The matter was considered by the government and a decision was taken to reinstate all beneficiaries who had been cut off because of the death of their spouse, and who still met the eligibility requirements for spouse's allowance. A similar extension provision was also decided upon for prisoners sentenced to more than 90 days.

The cost of these amendments is reasonable and the numbers affected are relatively few, but they are in need of assistance. I ask honourable senators, therefore, to carefully consider this bill and to raise the important related issues which they wish to make public. I should also like to say that it appears everything has been done under the limitations of this bill. However, we should like to ensure that those who are unmarried and between the ages of 60 and 65 are taken into consideration at a future time so that they may be provided with the livelihood they deserve as Canadians. They are in just as much need.

Under the original bill, 2,200 people were included. As a result of representations made by members of the other place, and certainly by members of this house, another 3,000 people will be included. This makes a total of 5,200 Canadians eligible for benefits. This corrects the inequity which has existed for many years.

Today I was in contact with officials of the Department of National Health and Welfare. I asked them for a determination of the importance of putting this bill through its various stages so that those 5,200 people might get their cheques at a reasonable time. I was told by the officials that if we can get the bill through this week, it would be possible to issue cheques for November and December by December 12. Honourable senators, it behooves us to provide some little extra benefit for the Christmas period.

So, I would recommend, without trying to impose my will, in view of the fact that everything has been thrashed out in the committee proceedings and in the other place, that we dispense with the committee stage and try to have this bill assented to this week. In the administrative process, we would probably be helpful and this would ensure that the people who benefit will obtain their cheques in December.

I might also mention that I looked at the poverty line figures. The single old aged pensioners still fall below what I understand to be the poverty line of \$4,799, because they only obtain \$3,911. This is something our committee and the Senate should look at. The situation is somewhat different for married old aged pensioners, because they are over the poverty line.

I can only repeat, honourable senators, that I recommend that the bill be put through as quickly as possible so that we can provide these benefits and show our concern for those citizens who made our country great and to whom we owe everything.

**Senator Thompson:** Honourable senators, I should like to ask a question. Prior to asking it, however, I must congratulate Senator Marshall on his very lucid and comprehensive expla-



nation of this bill, and, in particular, on the compassion and interest he has shown.

I realize that the bill has limitations and that it is just a small step toward solving problems which pose many questions. Senator Marshall might have the answer to this question, or it might be something that he wishes to delve into before responding. The Canadian Human Rights Commission raised some concern about this bill. Was it the concern of the Canadian Human Rights Commission that, on the basis of sex, spouses receiving benefits under the bill are female spouses rather than male spouses?

Secondly, was it a concern that only those in possession of valid marriage certificates benefit and not those of a common law relationship or who are single?

Third, was it their concern that the bill discriminated on the ground of age? I realize that there are senior citizens facing the difficulties which arise with age, but whom we feel should get preferential treatment.

**Senator Marshall:** I understand the Chief Canadian Human Rights Commissioner wrote a letter to the minister in this regard. The letter was written on the basis that the bill discriminated against single people in a particular age group. I do not know if I can elaborate, but that is my understanding of the content of his letter.

● (1540)

But I also wondered why, when the Chief Human Rights Commissioner should know that the bill would get sympathetic consideration in this house, he did not have the courtesy of sending us copies of the letter, which I would like to have seen. I had to get a copy for myself by asking the Department of National Health and Welfare. However, I understand his concern related to discrimination against single people.

**Senator Rowe:** Honourable senators, I want to ask a question regarding the mechanics involved here. Senator Marshall expressed the hope that this matter could be dealt with this week, which means presumably, that it would have to be passed by tomorrow afternoon, if we adjourn as we normally do on Thursday afternoon. Would not that also mean that we would have to complete the debate on second reading this afternoon?

**Senator Marshall:** It would mean just that. I understand that two or three senators would like to speak on the bill, which they have every right to do, and I would like to hear them. But if we were to dispense with the committee stage, I see no reason why we should not go straight into third reading on which, I am sure, there would not be too much debate, and we could pass the bill today. If that is agreeable to my deputy leader—and I spoke to him previously.

[Translation]

**Senator Leblanc:** Honourable senators, I should like to put a question to Senator Marshall whom I congratulate on his presentation of the bill before us.

He mentioned that the bill would affect about 5,200 Canadians, if I understood him correctly. He also told us that

the cost would not be prohibitive; still, could we have an idea of what it might cost? I suppose Treasury Board, or a department such as the Department of National Health and Welfare, for instance, has estimated its cost for this year.

At the same time, could we find out whether those additional benefits will be indexed, as are the other benefits of the old age pension plan?

[English]

**Senator Marshall:** Honourable senators, I have that answer. The original bill as presented would have cost \$4.6 million, less, of course, those people who were relegated to welfare after their spouse died and did not continue to qualify. They would fall on welfare in some cases, and there was a differentiation of about 15 to 18 per cent. As a result of the amendment introduced at the report stage in the house, which would take in an additional 3,000, the cost would be approximately \$6 million more.

The second question had to do with the taxable income. The benefits are not taxable unless the recipient's income is over a certain amount.

**Senator Leblanc:** Honourable senators, I think Senator Marshall may not have understood the translation or perhaps I did not express myself too well but what I was asking is: Are those benefits going to be indexed as is the old age pension?

**Senator Marshall:** Yes, they will be indexed on a quarterly basis as the old age pensions are.

**Senator Rowe:** Honourable senators, I had not intended to speak to this bill this afternoon. I was under the impression that we might be carrying on the normal course of debate. Consequently, I shall limit my remarks at this time to enunciating one or two principles, not giving too much attention to details.

First, I congratulate my colleague from Newfoundland, Senator Marshall, on the very lucid manner in which he has presented this bill. It is a reform, a social welfare reform; a modest one, perhaps, in terms of numbers and a modest one in terms of the expenditures involved. Nevertheless, it is a reform, and this rejoices my heart, as I am sure it must rejoice the hearts of all honourable senators in this time of turmoil and turbulence that we are passing through—economic turbulence, political turbulence of one kind or another and even international turbulence which affects Canada—when there is a danger that we can become absorbed in these other matters to the detriment of our social welfare program, a program which has placed Canada in the forefront of the nations of the world.

As a senator, and as a Canadian, I am very happy that at this particular time the Senate is concerning itself with such matters as, for example, are being dealt with by Senator Croll's committee—the report of which all Canada I am sure is looking forward to in anticipation—and it is also significant and symbolic that the government, Senator Marshall and Parliament are able at this time to devote their considerations to such a matter as this.

It reminds me of how during World War II, when England, and indeed the free world, as we knew it, was in jeopardy, at a

time when our resources and especially the resources of the British people were being devoted to a life-and-death struggle against Hitlerism and all that it stood for, the British people were able to engage in a great debate on the future of education. Indeed, honourable senators will remember that R. A. B. Butler, President of the Board of Education in Britain and a senior member of the government of the day, at a time when perhaps most of the world thought that England could not survive, was able to introduce a bill in the house which revolutionized education in Britain. So it gives me great pleasure to see that at this time we are not being diverted too much by the other great problems confronting us.

Canada, as I say, has had a great role to play in the development of social welfare. In some respects we, along with New Zealand, the Scandinavian countries and one or two other countries, have led the world in this field. I have heard with some trepidation, especially in the last year or so, the idea expressed that we should be modifying family allowances and we should be doing this or that to medicare and to old age security. I am always a little suspicious about these things. When we start changing medicare, what does that really mean? Does it mean that we are going to clip the wings, if I may mix my metaphors, of this great program, a program which—and I am speaking now specifically of medicare—in its overall effect on the Canadian people, is perhaps the greatest single welfare program ever introduced in the history of Canada. I trust that we will not be doing that. I am not so naive as not to recognize the fact that we do have abuses in some programs such as unemployment insurance and medicare. Correcting or removing abuses is one thing, but reducing that program, and seriously curtailing other social welfare programs, is another matter.

● (1550)

I am happy to support this bill to amend the existing legislation, and at the same time I express the hope that we will continue along the path of progressive legislation in the social welfare field.

**Senator Bird:** Honourable senators, first I wish to thank Senator Marshall for his able and understanding presentation of this important bill. I also wish to draw attention to the reason why it is important. To lose the partner of a lifetime is the most stressful thing that can happen to a human being. There is grief, loneliness, and a sense of desolation. If, on top of that, one suddenly finds that the old age pension, the guaranteed income supplement, and one's own small spouse's allowance have gone, that one's whole way of life must change and that one must go on public assistance, one faces a worrying situation. I do not think any honourable senator can conceive of what that really would be like. None of us have had to face a situation quite as terrible as that. Therefore, I cannot imagine that any honourable senator on either side of the house could possibly vote against passing this bill.

At the same time, there are two points of concern that have already been raised in this house. I am concerned about the point concerning marital status that was raised by the Canadian Human Rights Commissioner. I believe it is possible that

this bill is in conflict with the Canadian Human Rights Act, because it seems to me to discriminate against unattached men and women between the ages of 60 and 64. This is a matter for a judge to decide, but to my mind it is something we must not forget.

I wish to mention the plight of unattached men and women, a subject that was touched on by Senator Marshall, because I wish to make honourable senators understand why I was worried about this matter long before the Chief Human Rights Commissioner wrote that letter.

In 1977 there were 56,500 unattached women in Canada between the ages of 60 and 64 who were living below the poverty level, and there were 20,600 men in the same category. It meant that there were over 77,000 people in that age group who were living below the poverty level. Those people are, of course, not eligible for OAS, GIS or any spouse's allowance. They are on public assistance; they are poor, lonely and old.

Who are these people? Many of them are widows or widowers whose spouses died either a few days or a few months, or at least a very short time, before they themselves reached the age of 60, so they are eligible for assistance. They are also prematurely old women who have been divorced, separated or deserted, and who have striven to support their children, because the poor do have children to support when the husband is no longer there. Those women have worked hard all their lives. They have had very little chance to earn any money on the side, and they receive no help.

There are also those 20,000 old men, many of whom have worked all their lives for their families. They have worked at arduous jobs, and so that their health is no longer good and they can no longer go on working. They are the working poor, who are often old before their time.

In this house, we have always been concerned, quite properly, about poverty-stricken women, because there are three times as many poor women over the age of 65, and two and a half times as many elderly women over the age of 60 who are living below the poverty line.

I wish to make it clear that the poverty of old men is just as great as that of old women. They too grieve, they too suffer, and they too are lonely. It is perhaps significant that the suicide rate for men in the 60 to 64 age bracket is twice that of women.

There are also, in this unattached group, for which we can evidently do nothing, old men and women who have never married, who have looked after an aged parent, or a brother who is not quite able to look after himself, and who have given a great deal of support to this country. Yet nothing is done for them.

Many of those people, particularly the women in this case, are poor because women traditionally have been in poorly paid jobs. I do not want to go into the reasons for that, but we know that is true. They have had no discretionary income. They have spent every cent they earned on food, shelter and clothing.



Those are the people for whom we have not found a way of doing something.

I have every confidence that a splendid report will come from the Senate Retirement Age Policies Committee. It will contain proposals for helping this sort of person in the long term, but there is nothing that is going to be done here and now. I certainly wish there were some way by which this house could at least say to the government, "Look, we are concerned about these people. Will you, from the warmth of your hearts, do something for them, even in the short term, so that they do not feel that they are discriminated against?" There is no perfect legislation that I know of, but discrimination is no basis for making people more comfortable and happy.

In conclusion, as Deputy Chairman of the Standing Senate Committee on Health, Welfare and Science, I do not believe that we need send this bill to committee. It has been reviewed very well by the committee of the other place, where it has been sensibly amended. I am happy to say that the Liberal opposition was largely responsible for persuading the government to put up the extra \$2 million—I believe that is the amount—needed to put women back on the rolls. In my view, it is a very good example of constructive opposition and an intelligent, receptive government, and an example of democracy at its best.

There is nothing that we can add to this bill, because we are not able to do anything that increases expenditures, but there is surely nothing that we would want to take away from it. Therefore, I would recommend that the bill proceed to the third reading stage as soon as possible, perhaps even tomorrow, so that with great good luck and good fortune we might obtain royal assent, and the women concerned might have a Christmas present that would make their celebrations a little less bleak than they would otherwise be.

**Senator Haidasz:** Honourable senators, I do not want to delay second reading and swift passage of this bill, but I welcome the opportunity of making a few remarks on these amendments to a significant piece of social welfare legislation that was enacted in 1975. It is another step in the direction towards improving our social welfare legislation.

In my view, it is proper at this time to recall that the great growth of Canada since World War II has been accompanied by a series of progressive social legislative measures such as the old age pension improvements, the Hospital Insurance and Diagnostic Services Act, the Medical Care Act, the Canada Pension Plan and the Unemployment Insurance Act, followed by amendments providing sickness and maternity benefits. We now have amendments pertaining to spouse's allowance in Bill C-6. Many of us who served in the other place and those serving in this chamber are proud of Canada's record of social welfare legislation brought in by previous successive governments.

• (1600)

Bill C-6 is a slight improvement in the spouse's allowance, but to the people concerned it is of significant benefit, as the

Old Age Security benefit to widowed spouses will be given to those aged from 60 to 64.

At this point I should also like to express my appreciation to the honourable member of the House of Commons from Saint Léonard-Anjou, and the members on the opposition and on the government sides who supported her motion to amend the present bill so that it could be improved, as Senator Marshall has stated. We should also express our appreciation to the Minister of National Health and Welfare for having gone back to the cabinet with the amendment and finding the extra \$6 million in 1980-81 that will benefit some 3,000 additional people and, therefore, put more equity into social welfare legislation.

Many senators have mentioned this afternoon that there is a flaw in this legislation, in that it excludes needy single persons between 60 and 65 years of age, and have referred to the letter from the Canadian Human Rights Commission. I think this is an important letter—so important that I think it should be read into the record and, with the indulgence of the house, I should like to do that. The letter is dated October 31, 1979, and is addressed to The Honourable David Crombie, Minister of National Health and Welfare, and it reads:

Dear Mr. Crombie:

The progress of Bill C-6, An Act to Amend the Old Age Security Act, through Parliament has prompted some members of the general public to express their concern to the Canadian Human Rights Commission that this Act, in its original form as well as in its proposed amended form, bestows benefits on certain individuals, and not others, on the basis of their marital status. That is, no provision is made to augment the incomes of needy single persons between the ages of 60 and 65; married people, however, receive benefits.

You may recall that this Commission has drawn attention in the past to legislation which is laudably aimed at sustaining families but which denies equivalent benefits to certain individuals or living groups purely on the basis of marital status. This is admittedly a difficult area of social policy. On the one hand, much of our legislation reflects society's traditional ranking of the family as a social unit requiring special consideration. On the other hand, the Canadian Human Rights Act, in explicitly proscribing differential treatment based on marital status or situation de famille, reflects society's more recent perception that marital status is not always the best criterion on which to base social policy.

The Canadian Human Rights Commission is fully aware of the dilemma thus presented to the government. May we urge you to seek an early resolution to this dilemma through an extensive examination of the alternatives to marital status as a criterion in social programs. Copies of this letter are being sent to the Leader of the Opposition and the Leader of the New Democratic Party.

Yours sincerely,

R. G. L. Fairweather

Senator Bird has stated that the onus is on the courts to make a ruling on this matter, but an onus is also on the government to give earnest consideration to this representation from the Canadian Human Rights Commission. Indeed, I think it is only in this way that the government and the legislators, will be able to bring greater equity to the people who require assistance.

**Senator Roblin:** Honourable senators, my contribution to this debate will indeed be brief. First of all, I should like to express our appreciation to Senator Bird for participating in this debate this afternoon—probably at some inconvenience to herself. I thank her kindly for that gesture.

I might also say that I appreciate very much her suggestion that this bill be dealt with in this chamber in a rapid way. It would be the position of the government, if it had the agreement of those on the other side, that we should today proceed with second reading and, indeed, with third reading, so that the measure can receive royal assent before the week is out. Thanks to Senator Marshall's inquiries into the matter, we are informed that if that is the case, we shall be able to speed up the delivery of cheques to those who are entitled to receive them. I am sure we would all wish to do that.

If that has the approval of the house—and I take it from what I see and hear that that is the case—we shall conclude the debate on second reading at this time and, with leave, proceed at once to third reading.

**Senator McDonald:** Honourable senators, I have no objection to proceeding with this bill in that fashion so that there may be royal assent tomorrow, which will make it possible, as the deputy leader has said, to get the cheques out to the recipients before Christmas. However, it would not be necessary to have third reading today in order to do that. We certainly have no objection to giving second reading to this bill today, and third reading and royal assent tomorrow. I suggest to the Deputy Leader of the Government that that is the procedure we ought to adopt.

There seems to be some reticence in this house, not only during this session but in previous sessions, to having second and third readings on the same day if it is possible to accomplish the same objective by delaying third reading until the next day. If there are other reasons why there should be third reading today, then we will not oppose it.

**Senator Roblin:** If I may speak again on the point, my suggestion to have third reading today was to make sure that we would have royal assent tomorrow. However, I appreciate the purport of the argument, and if it is the wish of honourable senators that we have third reading tomorrow, then that will certainly be the course we will follow.

**Hon. Senators:** Agreed.

**Senator Marshall:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator Marshall speaks now, his speech will

[Senator Haidasz.]

have the effect of closing the debate on the motion for the second reading of this bill.

**Senator Marshall:** Honourable senators, in answer to Senator Bird and Senator Haidasz, I have some information on the matter about which we are all concerned, the inclusion of all single people who are between the ages of 60 and 64 and deserving of recognition. I have the information that an income-tested benefit, similar to spouse's allowance, if available to all persons in the 60- to 64-year-old group, would resolve a number of issues of current concern.

The estimated cost of such a benefit would be in the area of \$550 million in the first year. It is estimated that this would be offset by about 15 per cent through reductions of federal cost-sharing payments under the Canada Assistance Plan.

Without going into further details, it is estimated that the immediate implementation of an SPA type of benefit for 60- to 64-year-olds would affect approximately 298,000 persons in 1980. That is nearly one-third of the Canadian population in the 60- to 64-year-old age group. This is something that we in our committee can probably deal with.

I thank the members opposite for their co-operation as indicated by the deputy leader, and I hope that we will process the bill in due course before this week is out so that the cheques can be issued.

**Senator Thompson:** I should just like to ask a question. As I understand it, when this was being discussed in the Commons committee, several questions were raised about the authenticity of the 15 per cent which you cited. It seemed to me that there was something blurry about that, and that we should consider it. Some people felt that 15 per cent was an inaccurate figure.

● (1610)

**Senator Marshall:** As you know, the people who did not qualify before, the people who were cut off and had to revert to welfare, would fall under the Canada Assistance Plan, whereby 50 per cent is paid by the federal government. It is indicated that between 15 and 18 per cent would be recovered or would not have to be paid out under the program.

**Senator Thompson:** Some thought there would be a higher than 15 per cent recovery.

Motion agreed to and bill read second time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Marshall** moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.



## CUSTOMS TARIFF

## THE NEW ZEALAND TRADE AGREEMENT ACT, 1932

## AUSTRALIAN TRADE AGREEMENT ACT, 1960

## THE UNION OF SOUTH AFRICA TRADE

## AGREEMENT ACT, 1932

## BILL TO AMEND—SECOND READING

## On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Marshall, for the second reading of the Bill C-18, intituled: "An Act to amend the Customs Tariff and to make certain amendments to The New Zealand Trade Agreement Act, 1932, the Australian Trade Agreement Act, 1960 and The Union of South Africa Trade Agreement Act, 1932". (*Honourable Senator McDonald*).

**The Hon. the Speaker:** Honourable senators, is it agreed that Senator van Roggen speak instead of Senator McDonald?

**Hon. Senators:** Agreed.

**Senator van Roggen:** Honourable senators, while I have been on my feet during Question Period on one or two occasions and in seeking a reference for my committee, this is the first occasion I have had to speak formally before you since the new Parliament convened. So, I wonder whether I might be permitted one or two minutes to offer my congratulations to the new Speaker, not only because of the affection I have for him and the relationship I have developed with him as a member of the Senate during the seven or eight years I have been here, but in particular because of my great pleasure of having him as the Deputy Chairman of the Standing Senate Committee on Foreign Affairs, a committee I had the honour to chair, during all the years up to His Honour's appointment. I would not like to let this moment pass without saying what unflinching assistance he was in that capacity and how much I benefited from his wise counsel and advice throughout those years.

If the Leader of the Government in the Senate were here, I would tell him that my mind goes back to the many times when he joshed us from the opposition benches and talked about when he would be the Leader of the Government in the Senate. He did not know then—and I am sure he did not anticipate it—that he would also have to shoulder the burdens of an important ministry, a ministry which, for a lawyer, must represent the epitome of his career. I certainly trust that the Deputy Leader of the Government will extend my congratulations to him on the roles he is now fulfilling. I am sure he will understand if I say that I hope the burdens he now bears will be lifted from his shoulders if the universe unfolds as it should, as it may well do in the next short time.

I should also take this opportunity to welcome the new senators, and say to them that this is surely one of the most congenial forums for anyone to engage in the important and fascinating work of government and political process.

Honourable senators, this bill was lucidly explained by Senator Doody. I certainly do not wish to take up your time by repeating the description he gave of the essence of the legisla-

tion. While it is a rather thick bill, you will note it is almost totally composed of schedules and tariffs. I might, however, deal with one of its aspects that might cause you some concern, and that is, the reference to New Zealand, Australia and the Union of South Africa in the title. That does not mean it is a bill dealing only with our trade agreements with those particular countries. Generally speaking, the bill deals with a negotiation which Canada has conducted under Article XXVIII of the GATT. This article is not dissimilar from Article XXIV 6, which you will recall was in the forefront of some of our discussions some years ago when Britain joined the European Community, an article under which Britain had to negotiate with its trading partners suitable payment, not in dollars but in kind, for the increased benefits it would get by the harmonization of its tariff structure to that of the European Community.

Article XXVIII, under which these negotiations took place by Canada, is a similar article which permits you to go outside the general tariff of GATT and negotiate special tariff arrangements with a trading partner, so long as a deal is made with others. This we have done, and these negotiations have taken place primarily with the United States and the European Community which are the principle exporters to Canada of the goods which will now be subject to higher tariffs, in certain instances, under these new agreements.

The payment Canada in turn made involved a shorter seasonal period than we had before. So that, while our producers of certain perishables, such as fruits and vegetables will be protected during that period when their products are coming on the market in our northern climate, the consumer in Canada will benefit from a longer period of freer access to those goods when they are not in season in Canada.

The reason that specific mention is made in the bill of the trade agreements between Canada, New Zealand, Australia and the Union of South Africa, is because those agreements are of long standing and were, in effect, grandfathered, if I may use that expression, at the time Canada first participated in the GATT and became a party to the General Agreement on Tariffs and Trade. These agreements, therefore, have been ongoing and really have their background and history in the old Empire or British Preferential Tariff. Negotiations are continuing with Australia and New Zealand relative to these new tariffs that have now been negotiated so that those particular agreements will be amended in due course to conform to the new arrangements we have made in these negotiations.

The reason they are specifically referred to in this bill is that they are enshrined elsewhere in Canadian legislation, and it is necessary to amend that legislation in order to amend the agreements themselves.

As far as the Union of South Africa is concerned, my advice is that the government has taken the occasion recently, to serve notice on the Union of South Africa of the termination of the Union of South Africa Agreement, which termination date will be January 26 next. That, of course, will not mean that the Union of South Africa goods will be precluded from

coming into Canada, but that they will no longer be coming in under the special agreement which was an outgrowth of the British Preferential Tariff.

I thought I would add that little bit of background to what Senator Doody has already laid before you in introducing the bill so that you will have an understanding of why the title reads as it does.

Honourable senators, I certainly do not intend to take up your time in dealing with the very long schedules attached to the bill. If individual members of the Senate have an interest in specific products of the nature of vegetables or fruit, or other items for that matter, then that, of course, can be inquired into during the committee proceedings. I do not think I would even want to attempt it now. I would be quite incapable of it as there are many hundreds of items involved.

● (1620)

Unless there are questions, honourable senators, there really is nothing more that I can add at the moment.

**The Hon. the Speaker:** Honourable senators, shall I put the question?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Honourable senators, it is moved by the Honourable Senator Doody, seconded by the Honourable Senator Marshall, that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read second time.

#### REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Doody** moved that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce.

Motion agreed to.

#### BUSINESS OF THE SENATE

**Senator Roblin:** Honourable senators, perhaps I am jumping the gun here, but it is my impression that the remainder of the items on the Order Paper are to stand. If that is correct, then we might spare His Honour the trouble of going through it item by item; but if it is not correct, then, of course, we are willing to go ahead.

**Senator Buckwold:** It was my intention to speak briefly on Senator Deschatelets' motion concerning the 1.5 litre bottles, and it may not be possible to do so tomorrow because I have to catch a flight at an early hour.

#### HEALTH, WELFARE AND SCIENCE

BANNING OF 1.5 LITRE SOFT DRINK BOTTLES—MOTION TO REFER SUBJECT MATTER TO COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the debate on the motion of Senator Deschatelets:

[Senator van Roggen.]

That the matter regarding the adverse effects on the Canadian economy of the banning of 1.5 litre bottles from the soft drink producers in Canada be referred to the Standing Senate Committee on Health, Welfare and Science.

**Senator Buckwold:** Honourable senators, I am very pleased to have the opportunity to speak in support of this motion. I regret very much if I am delaying the adjournment of the Senate, but I hope I shall be able to restrain my remarks so that it will not be unduly delayed.

First of all, I want to congratulate Senator Fournier (Mada-waska-Restigouche) for raising this issue in his inquiry of an earlier date, and also to congratulate Senator Deschatelets for following up with this motion, because in my opinion this is a matter that is worthy of some consideration by a Senate committee.

I shall not go into details because they have been dealt with very capably by other senators who have already spoken on the matter, but this ban has created a significant problem for the bottling industry of Canada. It has had very adverse effects on many bottlers. Certainly in my own area, bottlers have been in touch with me about it. I am sure all honourable senators would be amazed at the hundreds of thousands of dollars involved in this rather arbitrary decision by the Department of Consumer and Corporate Affairs to prohibit the use of 1.5 litre bottles in the soft drink industry.

For example, I have in front of me a picture of Coca-Cola plant, in Uxbridge, which is for sale. "A small business, Canadian-owned bottling plant in Uxbridge with a 'For Sale' notice—owner unable to carry on because of the ban on the 1.5 litre bottle—capital tied up in useless inventory and 10 to 20 jobs gone."

In supporting the motion, I am not in any way suggesting that the decision taken by the department may not have been a wise one, but I do feel that the industry is entitled to some public hearing. They have appeared before the minister who, I believe, is very fair. The Honourable Allan Lawrence has always had that reputation. I personally believe he is the victim, as are so many ministers in so many governments, of a bureaucracy that has made up its mind. It can become very difficult for a minister to take a decision which may adversely affect that first decision. I feel rather sorry for Mr. Lawrence in this particular position. I suggest that there are ways we can ameliorate the problem.

For example, it seems to me that it would be reasonable to allow the industry to use up its inventory of bottles which, across the nation, would run into millions. We went through the same exercise, honourable senators, when we had the ban on saccharin. If you recall, this was also referred to a Senate committee which reviewed the matter. We did not change the final outcome, but the government at that time did allow inventories to be used up. A period of time was allowed to elapse. It seems to me the same kind of approach might possibly be taken by the department, if they are convinced that 1.5-litre bottles do represent a danger to health. I think that



would be a reasonable approach, and it would allow the industry to work its way out of this position.

I might remind honourable senators that these bottles have been used by the industry to a very large degree for about the last three years. There may have been some injuries caused, but there have always been injuries from the explosion of bottles of carbonated drinks. I do not think that that is any secret. A bottle could be dropped, and the splintering of glass could be damaging. As a matter of fact, a letter written by the Honourable Allan Lawrence contains the following:

There is no comprehensive record anywhere of the number and severity of injuries and property damage related to exploding pop bottles. It is apparent that the incidence of cases reported to CCAC jumped very significantly with the media attention given this subject. However, prior to this wide public knowledge, no hospitals or provincial authorities retained records which would readily identify injuries related to these bottles.

Honourable senators, this may be a problem, and if it is then certainly I respond to the action of the minister. On the other hand, the industry itself says that they would like to know what the department expects of them. They have brought in some other types of bottles. They have suggested and shown samples of a corrugated sleeve that would hold two bottles, which has been rejected, and they have brought in an impact ring which has been rejected. According to one of the bottlers, the problem really is—and I refer to a note I took from him—that they really do not know what is acceptable. What is acceptable to the department by normal procedures and tests? They have indicated at the provincial level, where there are also certain standards, that generally their bottles have met those standards. They find themselves at a loss to know exactly just what would be the level of safety the government wants. There is really just this automatic ban.

● (1630)

I have pointed out the fact that there is serious hardship to the industry, and that consumers are paying a substantial amount more by being forced to buy their carbonated drinks in small bottles. I believe we all recognize that the larger the container the lower the price, and users of soft drinks are paying perhaps 10 per cent or 15 per cent more for the product in the smaller bottle. That has an adverse effect on the average consumer.

I support the motion that the matter be reviewed by the Standing Senate Committee on Health, Welfare and Science. There was some comment on whether that is the right committee, but I believe it is.

In the other house, subjects of this nature, involving consumer affairs, are dealt with by their Committee on Health, Welfare and Social Affairs. In fact, the minister appeared before that committee and answered questions on the 1.5-litre bottle. I suggest, therefore, that Senator Deschatelets is quite correct in moving that this subject be referred to the Health, Welfare and Science Committee.

However, before concluding, I should like to indicate my concern about the wording of the motion moved by Senator Deschatelets. The motion at present reads:

That the matter regarding the adverse effects on the Canadian economy of the banning of 1.5 litre bottles from the soft drink producers in Canada be referred to the Standing Senate Committee on Health, Welfare and Science.

Honourable senators, I personally cannot support the wording of that motion. I have discussed this matter with Senator Deschatelets, who has agreed to accept an amendment that I shall propose.

My reason for amending the motion is because it stresses the adverse effect on the Canadian economy. In my opinion, the subject is much wider than that. The committee should be able to look at the adverse effects on the health of the nation. I am looking at the matter from the government's point of view. I believe there should be an overall discussion and study of this particular subject, rather than one limited to the adverse effects on the Canadian economy, which, to my mind, represents selfish interests.

Having said that, I move, seconded by the Honourable Senator Steuart, that the words "adverse effects on the Canadian economy of" be deleted. The motion, as amended, would then read:

That the matter regarding the banning of 1.5 litre bottles from the soft drink producers in Canada be referred to the Standing Senate Committee on Health, Welfare and Science.

**The Hon. the Speaker:** Is there any discussion?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Honourable senators, I take it, from Senator Buckwold's remarks, that the mover of the motion, the Honourable Senator Deschatelets, is prepared to accept the suggested amendment. In that case, may I suggest that it is your pleasure that the motion be "modified" with leave, rather than formally amended, by deleting the words "the adverse effects on the economy of".

Is that correct, Senator Buckwold?

**Senator Buckwold:** Yes.

**The Hon. the Speaker:** With leave, is it agreed?

**Hon. Senators:** Agreed.

**Senator Marshall:** Honourable senators, I rise on a point of clarification. Senator Buckwold indicated that the bill should be referred to the Standing Senate Committee on Health, Welfare and Science. Would he confirm that it is also a matter involving corporate and consumer affairs, a subject which falls within the responsibility of the Standing Senate Committee on Banking, Trade and Commerce? As chairman of the Health, Welfare and Science Committee, I have no objection to the matter being referred to that committee, since it has some-

thing to do with the health of the nation, but I wonder whether the honourable senator could clarify his view that it should be referred to the Health, Welfare and Science Committee rather than the Banking, Trade and Commerce Committee?

**Senator Buckwold:** Honourable senators, basically the problem is one of health. The bottles have been banned as a result of an injurious effect on the health of some individuals. I have referred to the fact that the matter was dealt with in the other place by a similar committee. It is really not a question of the economic effect, although that is an important part of it. That is one of the reasons why I have eliminated that aspect. The overall subject is really one that involves the wellbeing of Canadian consumers, rather than the economic results. For that reason, it seems quite logical for Senator Deschatelets to move that the subject be referred to the committee that is so ably chaired by the honourable senator.

**Senator Olson:** That is one you didn't expect!

**The Hon. the Speaker:** Shall I put the question as modified?

**Senator Macdonald:** Honourable senators, I have no objection to the amendment, but I wish to move the adjournment of the debate in order to speak on the main motion.

On motion of Senator Macdonald, debate adjourned.

## THE ECONOMY

### BANNING OF 1.5 LITRE SOFT DRINK BOTTLES—DEBATE CONCLUDED

The Senate resumed from Monday, November 19, the debate on the inquiry of Senator Fournier (*Madawaska-Restigouche*) calling the attention of the Senate to the adverse effects on the Canadian economy of the banning of 1.5 litre bottles from the soft drink producers in Canada.

**Senator Buckwold:** Honourable senators, I do not intend to speak in this debate, but perhaps another honourable senator wishes to do so. It seems to me that we shall be discussing the subject in the debate on the motion moved by Senator Deschatelets. Therefore, this inquiry could be dropped.

**The Hon. the Speaker:** Honourable senators, as no other honourable senator rises to speak to the inquiry, or wishes to adjourn the debate, I declare the inquiry to be debated.

## LEGAL AND CONSTITUTIONAL AFFAIRS

### CANCELLATION OF COMMITTEE MEETING

**Senator Roblin:** Honourable senators, before moving the adjournment of the house, I have been asked by Senator Donahoe to inform you that the meeting of the Standing Senate Committee on Legal and Constitutional Affairs that is called for 9.30 a.m. tomorrow has been cancelled. Unfortunately, the witnesses who had been invited to attend cannot appear at that time, and other arrangements will have to be made.

The Senate adjourned until tomorrow at 2 p.m.



## THE SENATE

Thursday, November 29, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Report of the Canada Council, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 23 of the *Canada Council Act*, Chapter C-2, R.S.C., 1970.

Report of the National Arts Centre Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 17 of the *National Arts Centre Act*, Chapter N-2, R.S.C., 1970.

Report of The St. Lawrence Seaway Authority, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with the 1978 Operations Report.

Report of The Seaway International Bridge Corporation, Ltd., including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1978, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Report of the Department of Transport containing a Statement of Wharf Revenue Receipts and a Statement of Harbour Dues for the fiscal year ended March 31, 1979, pursuant to section 14 of the *Government Harbours and Piers Act*, Chapter G-9, R.S.C., 1970.

Report of the Department of Transport containing a Statement of Leases granted under authority of the *Government Harbours and Piers Act*, for the fiscal year ended March 31, 1979, pursuant to section 18 of the said Act, Chapter G-9, R.S.C., 1970.

### DIPLOMATIC AND CONSULAR PRIVILEGES AND IMMUNITIES ACT

BILL TO AMEND—FIRST READING

**Senator Flynn** presented Bill S-11, to amend the Diplomatic and Consular Privileges and Immunities Act.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read a second time?

**Senator Flynn** moved that the bill be placed on the Orders of the Day for second reading on Tuesday, December 4, 1979.

Motion agreed to.

### INCOME TAX CONVENTIONS BILL

REPORT OF COMMITTEE

**Senator Hayden**, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill S-4, to implement conventions between Canada and Spain, Canada and the Republic of Liberia, Canada and the Republic of Austria, Canada and Italy, Canada and the Republic of Korea, Canada and the Socialist Republic of Romania and Canada and the Republic of Indonesia and agreements between Canada and Malaysia and Canada and Jamaica, and had directed that the bill be reported without amendment.

THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read a third time?

**Senator Nurgitz:** Honourable senators, with leave, I move third reading now.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

### SAFE CONTAINERS CONVENTION BILL

REPORT OF COMMITTEE

**Senator Smith (Colchester)**, Chairman of the Standing Senate Committee on Transport and Communications, reported that the committee had considered Bill S-5, to implement the International Convention for Safe Containers, and had directed that the bill be reported without amendment.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Macdonald** moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

## THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON  
SUPPLEMENTARY ESTIMATES (B) PRESENTED AND PRINTED AS  
AN APPENDIX

**Senator Everett:** Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1980, and I ask that it be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of today to form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(For text of report see appendix, page 471.)

● (1400)

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

**Senator Everett:** Honourable senators, I move that the report be taken into consideration at the next sitting.

Motion agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Senator Roblin:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, December 4, 1979, at 8 o'clock in the evening.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

## BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE  
SENATE

**Senator Hayden,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit at two-thirty o'clock in the afternoon on Wednesday next, December 5, 1979, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

● (1410)

**Senator Roblin:** I think my honourable friend Senator Hayden has a pretty good reason for wanting the committee to

[Senator Macdonald.]

meet before the time of three o'clock. Perhaps he would tell us what that is.

**Senator Hayden:** Yes. If I might explain, the house leader has laid down for the Banking, Trade and Commerce Committee a pretty tough schedule for performance and delivery of bills before the anticipated Christmas recess. In connection with Bill C-17, which is the income tax bill, he has indicated a time limit for the passage of this bill and its journey through the House of Commons and its ultimate receipt of royal assent. In the midst of that we are to hear the Minister of Finance next Wednesday afternoon at 3.30. In the meantime, and in anticipation of hearing him, we have to have our report ready. The report is in draft form now.

On Wednesday morning we start in on getting approval of the report of the committee, and as fast as the pages are approved they will be delivered to the translator. The translator will be able on that basis to have this part of what we have to do completed in time for us to have our discussion with the Minister of Finance. I feel certain that in those circumstances neither the government leader in the Senate nor the house leader could possibly raise any objection.

**Senator Flynn:** You are always most convincing.

Motion agreed to.

## QUESTION PERIOD

[English]

### ENERGY

SECURITY OF FUEL SUPPLIES—POSSIBLE WINTER SHORTAGE

**Senator Perrault:** Honourable senators, I have a question to direct to the Minister of Industry, Trade and Commerce in respect of reports over recent hours of possible fuel oil shortages this winter.

Honourable senators will recall that on October 23 last the minister stated, in his usual eloquent fashion:

First of all, let me put any doubts aside about our facing an oil shortage this winter. I can assure the honourable senator that we are not going to face an oil shortage this winter—

He said they were "monitoring the situation very closely."

In response to a question from Senator McElman, he went on to say at page 133 of Senate *Hansard*:

However, there is no indication that there is going to be any kind of shortage of that nature in the maritimes in the coming months or for the next nine months.

Honourable senators, I ask the minister whether there has been a change in the situation, because on the CTV news at 11 o'clock last night a report was made by that news agency indicating that "government officials concede the possibility of temporary local oil shortages." Then the Minister of Energy, Mines and Resources, the minister responsible for that area,



the Honourable Ray Hnatyshyn, expressed confidence by saying, "We can get through." He emphasized, however, it is reported, that ever increasing consumption would be the major cause of any shortage.

Implicit in that response is the suggestion that the government is not overly confident that there will or will not be an oil shortage.

I wonder if the minister can provide assurances—and will repeat the same kind of earlier eloquent assurances—that there will be no fuel shortage this winter.

**Senator de Cotret:** I can certainly provide the assurance. I will do my best to be as eloquent, honourable senators. I would refer you to the National Energy Board Report of November 2 on the supply situation. That report suggests that the situation is a tight situation but a manageable situation. There will be another National Energy Board Report released in early December. This will be a further update to the November 2 report. There is no indication at this time that there is any reason to believe that the November 2 report will in any way be contradicted. There is certainly no cause for panic.

The report on the CTV mentioning a secret document of some kind is the figment of somebody's imagination, and certainly not the view of the government that such a situation prevails.

**Senator Perrault:** Is it possible for the minister, however, to confirm that a document has been prepared by certain officials which would suggest there could be these temporary shortages? If such a document exists, would the minister commit himself to tabling it in the Senate?

**Senator de Cotret:** I have just said that to the best of my knowledge, and after consulting with my colleague, that document is the figment of somebody's imagination. It is very difficult to table somebody's imagination.

**Senator Perrault:** May I ask the minister whether, in view of the fact that his cabinet colleague, the Honourable Ray Hnatyshyn emphasized that, "ever increasing consumption would be the major cause of any shortage," is there any kind of document in existence that may have led Mr. Hnatyshyn to make that statement?

**Senator de Cotret:** I will say for the third time that the document does not exist. To the best of my knowledge there is no such document, so I cannot see how that statement you are referring to would suggest it does exist.

**Senator Perrault:** Is there not a suggestion, however, that it is dangerous and unwise for any cabinet minister to indulge in this kind of random speculation, apparently made on a personal basis without any kind of research or documentation behind it?

**Senator de Cotret:** Of course not. I think the statement is a clear-cut statement. If you are looking at the supply situation and the depletion of that supply situation over time, the major threat to the supply position is the very rapid rate of consumption of oil reserves. That is what the minister was referring to. We are consuming at very high rates.

**Senator Perrault:** The minister, however, told us that no document or no study has been prepared, that no study or report exists which inspired the remarks of the Honourable Ray Hnatyshyn.

I would remind honourable senators, that the minister stated a few days ago that the situation was being monitored closely. What form is the monitoring taking? What kind of material is being sought and who is the custodian of the monitoring material?

**Senator de Cotret:** Again, I have a lot of difficulty keeping up with these questions. I seem to be repeating myself time and time again.

In answer to your first question, I referred to the National Energy Board Report of November 2. I told you that there was going to be a follow-up report in the early days of December. The monitoring is obviously being done by the National Energy Board, and it is being done on an ongoing basis. The government is being apprised of the findings of that board.

**Senator Olson:** Honourable senators, there has been a shift in the position of the Minister of Energy, Mines and Resources which would indicate at least the possibility of spot shortages or temporary shortages since the same statements were made three or four weeks ago which were echoed or repeated by the Minister of Industry, Trade and Commerce.

Can the minister tell us what basis the Minister of Energy, Mines and Resources has for making that shift in his position?

**Senator de Cotret:** I do not accept the basic premise of the question. There is no shift.

● (1420)

**Senator Perrault:** Obviously this is a sensitive point with the ministry, the government and supporters of the government. I can understand that, because they have made a commitment that there would be no shortage of oil supplies. Yet one of the responsible Conservative ministers in the Province of New Brunswick stated recently, to use his words, "the supply is very fragile." We on this side are concerned about the people in the maritime provinces, the Atlantic provinces, and other parts of Canada, who are concerned about a cold, hard winter without adequate fuel supplies. If the honourable senator can be so blasé about the plight of his fellow maritimers, then I am surprised and shocked.

**Hon. Senators:** Oh, oh.

**Senator Smith (Colchester):** The Honourable Leader of the Opposition has the greatest capacity to shock himself with straw men that I have yet observed. He has raised as a straw—

**Senator Perrault:** Is that a point of order?

**Hon. Senators:** Order, Order!

**Senator Smith (Colchester):** Just a moment, the Honourable Leader of the Opposition was completely out of order. I did not hear my honourable friend opposite complain about that.

**Senator Olson:** Mr. Speaker, I would like to raise a point of order—

**Senator Smith (Colchester):** Honourable senators, I was about to raise a point of order, which is that when an honourable senator is on his feet to ask a question of a minister, that is what he should do. If he so far departs from the rules of order to attack another honourable senator, in a vigorous and unjustified assault, then that other senator surely has the right to reply. That is what I was exercising.

**Some Hon. Senators:** Hear, hear.

**Senator Smith (Colchester):** Any time that an honourable senator attacks me, he might expect me to reply, if the rules permit me.

**Senator Perrault:** Honourable senators, may I appeal to the essentially fair-minded nature of this assembly. I had made a statement in defence of the people of this country who are concerned about fuel oil supply, particularly those Canadians in the maritime provinces. Senator Smith intervened in an almost uncouth manner to attack what I said. I appeal to honourable senators: surely we have the right to defend ourselves in this chamber!

**Senator Smith (Colchester):** That is exactly what I was asserting, and what I continue to assert.

I was also interested in bringing to the attention of the Leader of the Opposition the fact that he was manufacturing an attack upon the Minister of Energy, Mines and Resources when he said that there had been a shift in the minister's intentions or beliefs, and the Leader of the Opposition quoted an alleged assertion as evidence of a shift in his belief. It is perfectly obvious, to anyone who thinks about it, that the minister's comment was in reply to a question. Anyone would answer a question as to what would be the most likely cause of a shortage by explaining that the use of oil, which was increasing at a very rapid rate, was likely to be such a cause, if it did exist.

**Senator Perrault:** Honourable senators, may I direct a question to the Leader of the Government in the Senate? Has the Honourable Senator Smith been engaged on a full-time basis to act as a defence man for the ministry, answering on behalf of the government in this chamber? Secondly, can the Leader of the Government in the Senate tell us what valid point of order was raised by his honourable friend and colleague in the chamber a few moments ago?

**Senator Flynn:** The Honourable Leader of the Opposition should realize that he is making a circus of this place in the way he proceeds with his question. This is sheer provocation. The Leader of the Opposition gets only what he deserves.

**Senator Perrault:** At this point I think we had better cease trying to impress upon the government how they seem to have disregarded their professed concern for free speech and parliamentary rights.

## FOREIGN AFFAIRS

### STATEMENT ON SITUATION IN IRAN

**Senator Perrault:** Honourable senators, I wonder if I might ask the Minister of State for CIDA whether there is any

[Senator Olson.]

updated information available with respect to the situation in Iran, particularly as it relates to the status of Canadians in that country, and any Canadian initiatives leading to further successes in the resolution of that difficult situation.

[Translation]

**Senator Asselin:** I would say in summary that the Canadian government, through the Secretary of State for External Affairs, has succeeded in obtaining a response to its appeal for solidarity from at least 45 countries as concerns the situation in Iran.

In fact, all members of the Commonwealth met in London and passed a joint resolution in support of the Canadian government initiative. Miss MacDonald has also met the ambassadors of French-speaking countries. They have given her the assurance that they will report to their respective government. Moreover, some of them have already notified Miss MacDonald that they have made representations to the Iranian authorities to put an end to this extremely difficult situation.

We know that the safety of our embassy staff is not in jeopardy and that the Canadian ambassador insists on remaining in Iran. He sends us reports about new developments nearly every hour. However, we were told this morning that the situation seems to be getting more tense, but the Canadian ambassador is taking all possible steps. He is meeting every day with the ambassadors of other countries to make the representations required so that we may finally have every confidence that this conflict will be settled as soon as possible.

[English]

## NATIONAL DEFENCE

### PURCHASE OF NEW FIGHTER AIRCRAFT

**Senator McDonald:** Honourable senators, I should like to direct a question to the Minister of National Defence, and I shall do so through the Minister of State for CIDA.

I should like to have the costs to date with respect to the selection and procurement of a new combat aircraft for Canada, and I should like to have that answer in two parts. I would like the first part to concern itself with the cost up until the so-called production of the short list, and the second part to relate to the cost since that short list was produced.

I should also like to know whether it is the intention of the Canadian government to change the role that has been assigned to the Canadian Wing stationed in Baden-Solingen, West Germany, in order that the role will meet the capabilities of the new aircraft.

Finally, I should like to know at what date we can expect delivery of the first new combat aircraft.

**Senator Asselin:** As honourable senators will appreciate, I am not an expert in this area, and for that reason I shall take the question as notice. I shall inquire of the Minister of National Defence in this regard, and provide honourable senators with a statement at a later date.



**Senator McDonald:** May I ask a further supplementary? Is it the intention of the government to bring about a new review of defence policy before that purchase takes place?

[Translation]

**Senator Asselin:** Honourable senators, it was suggested recently that the Minister of National Defence might make such proposals to the Committee on External Affairs, but no final decision has been made.

[English]

## MULTICULTURALISM

### AWARD OF RESEARCH CONTRACTS

**Senator Bosa:** Honourable senators, I have a question for the Leader of the Government in the Senate. Mr. Orest Kruhlak, director of multiculturalism programs for the government, is reported in today's *Globe and Mail* as having said that he awarded a contract without tender to Decima Research Ltd., which is owned by a prominent Conservative.

● (1430)

My question is: Was Mr. Kruhlak's statement an act of chivalry on his part to shield the Minister of State for Multiculturalism from an embarrassing situation, or has the minister relinquished responsibility for the administration of such important contracts to civil servants?

**Senator Flynn:** I shall have to take this question as notice.

**Senator Bosa:** Will the Leader of the Government also inquire as to why these contracts were let without tender, and whether Decima Research has been in existence long enough to warrant the confidence of the department in awarding such a large contract.

**Senator Guay:** In view of the fact there have been two contracts given to that same firm, would the Leader of the Government look into the situation surrounding the previous contract while seeking an answer to the question that Senator Bosa asked?

**Senator Flynn:** I will.

**Senator Haidasz:** As a supplementary, would the Leader of the Government clarify for honourable senators whether it is now a regulation that no contract over and above \$20,000 can be approved by any public servant, but that it must be approved by the Treasury Board and the minister involved?

**Senator Flynn:** I shall take that as notice. I am not aware of that.

[Translation]

## SUPPLY AND SERVICES

### CONSTRUCTION OF ICEBREAKER—AWARD OF CONTRACT

**Senator Marchand:** Honourable senators, may I put a question to the government leader?

**Senator Flynn:** Yes.

**Senator Marchand:** I know the government has just awarded a contract for the construction of an icebreaker, and that

the contract was awarded to someone outside Quebec at a time when there is a lot of unemployment at the Lauzon shipyard. This shipyard is the one which has the most expertise in the construction of icebreakers.

I can understand that reasons of economics can be invoked but, on the other hand, I know that one of the first goals of the federal government is to try to alleviate regional disparities. So, to achieve that goal, it often has to act in a way which, strictly from an economic standpoint is more or less justifiable while being very much so socially.

I therefore ask the Leader of the Government whether he is aware of how this contract was awarded, and if consideration was given to the fact that, in the Lauzon region, unemployment is excessively high at this time.

**Senator Flynn:** Honourable senators, in order to give a more detailed answer, I shall enquire from my colleague, the Minister of Supply and Services. However, for the benefit of the honourable senator, I can say that I have had the opportunity of discussing the problem of the Lauzon shipyards with my colleague. So, if to date some of the contracts have been awarded elsewhere, it was basically because there was a substantial difference in the cost.

I recognize, on the other hand, that in certain cases allowances have to be made for special circumstances such as unemployment. I can assure you, honourable senators, that I shall make representations to the Minister of Supply and Services with a view to finding work for the Lauzon shipyards.

**Senator Marchand:** On a supplementary. I can understand that economic or financial reasons can be given but, if we stick to that principle, then we should have all the shipyards in Canada disappear. Everyone knows that ships can be built at a much lower cost in Sweden, in Germany and even in Japan. So, if we maintain a few shipyards, it is for some reason other than economic. I therefore feel that, at this time, it would have been highly desirable for that contract to have been awarded to Lauzon.

**Senator Flynn:** I would point out to the honourable senator that the margin was not very wide. The reasons he put forth in favour of awarding a contract to a shipyard where there is a lack of orders, with the result that many persons are unemployed, are legitimate. However, when there is a substantial margin between two Canadian shipyards, I suggest it is not difficult to justify the contract being given to the much lower bidding shipyard.

**Senator Marchand:** Could you inquire as to the margin between the two bids?

**Senator Flynn:** Yes, certainly. I understand you are talking particularly of icebreakers?

**Senator Marchand:** Yes.

**Senator Flynn:** I know for sure that in another contract, the margin was several million dollars. However, you should know the policies of this government are quite different from those of the former government.

[English]

**Senator McElman:** I have a further supplementary. The Leader of the Government appears to be familiar, in general terms, with the spread as between the Ontario firm that was awarded the contract and the shipbuilding yard in Quebec. Is he equally aware of what the spread may have been between the successful firm and Saint John Shipbuilding which is one of the foremost shipyards in the nation in building this type of vessel, and one that has proved its competence over the last few years to the degree that it has been admired by all parts of the nation? Is he familiar with what the general spread might have been there?

**Senator Flynn:** No, I am not familiar with the exact spread concerning the ice breaker. As far as the ice breaker is concerned, I was mentioning another contract. I am aware of the spread between the different bidders, but I will inquire and let my honourable colleague know the exact situation. I do agree that the Saint John Drydock has a good reputation, as has also Davie Shipbuilding in Lauzon.

**Senator Macdonald:** And Halifax Shipyards.

**Senator Flynn:** My colleague mentions Halifax Shipyards also.

**Senator McElman:** It is not in the same league with New Brunswick. I just wanted to ensure that while the Leader of the Government is making these inquiries, he will include the reference with respect to the Saint John Shipbuilding and Dry Dock Company.

**Senator Flynn:** What about Vancouver?

## PENITENTIARIES

### MEDICAL RESEARCH RESPECTING INMATES

**Senator Thompson:** I should like to ask the Leader of the Government whether, in the past 10 years, there has been any research organization or individual, funded by Canadian or foreign sources, which or who is carrying out medical research within federal penitentiaries concerning the behavioural changes caused by giving drugs to prisoners while in custody. I should also like to know whether electric shock treatment has been given to any inmate of a federal penitentiary over the past 10 years. If so, by what doctor was it administered, in what institution, and when?

**Senator Flynn:** Obviously I shall have to take that question as notice.

## SPORTS

### WORLD JUNIOR HOCKEY TOURNAMENT

**Senator Buckwold:** Honourable senators, on November 27, the Leader of the Government in the Senate was courteous enough to respond quickly to my question concerning the withdrawal of the Canadian hockey team from the World Junior Hockey Championship to be held in Finland, and I expressed my appreciation for his prompt reply. You can understand my astonishment when, the very next day, it was

announced that the Peterborough Petes, a team from the Ontario Major Junior Hockey Association—

**Senator Asselin:** And a good team.

**Senator Buckwold:** Yes, a very good team, and I understand that it will be supplemented by some excellent players from Ottawa. The team has now announced to the CAHA that it will be going. It was really a derogatory position for our hockey people to be in, and so I was delighted to hear that the team will be going.

**Senator Asselin:** Because of the intervention of the Senate?

**Senator Buckwold:** I would like to think that had something to do with it. I might comment that we heard from the distinguished minister that the managing director of the Finnish Ice Hockey Federation had criticized Canada's withdrawal from the tournament. He is reported to have said:

● (1440)

It is incredible that Canada says it doesn't have enough money to send a team to the Junior World Hockey Championships—

There was a difference of just a few hours between the reply and this new announcement. Was the Minister of State for Fitness and Amateur Sport aware of what was going on? Was his office involved in this new decision, or was he ignored? Would the government now consider making at least some contribution in order to relieve the load on the Canadian Amateur Hockey Association and others who will be contributing financially, bearing in mind that when the CAHA contributes from its own funds it is really taking funds from the minor leagues, who in turn get help from their financial sponsors?

If I may repeat my question: Would the Leader of the Government again use his good offices to implore the Minister of State for Fitness and Amateur Sport to make some contribution and get the federal government department involved in this important tournament?

**Senator Flynn:** I will be pleased to communicate the honourable senator's comments to the minister. I have here a report—I doubt that you are aware of it—that the team's transportation costs will be borne by the Canadian Amateur Hockey Association and the Canadian Major Junior Hockey League. I don't know if there is a possibility of a contribution being made by the Canadian government, but I would remind Senator Buckwold that the decision not to include any amount in this year's budget was a decision of the former government.

**Senator Buckwold:** I am not debating that point. I am simply asking, in view of the fact that the Peterborough Petes will be going to the tournament, and the trip will be difficult to finance, whether the federal government might give some support, as it has in the past?

## AGRICULTURE

### POTATO CROP IN EASTERN CANADA

**Senator Argue:** Honourable senators, I should like to direct a question to the Secretary of State for Economic Develop-



ment. This arises out of a visit I had the honour to make on Monday and Tuesday of this week to the province of New Brunswick. There I learned at first hand of the disastrous conditions affecting the potato industry of that province and of eastern Canada generally. I refer to a very severely depressed market—some quote as little as 2 cents a pound for potatoes—and a disastrous year generally, following a previous year of disaster.

My question is: Can an announcement be made soon that stabilization payments for the 1978 crop will be forthcoming, and that stabilization payments for the 1979 crop will be forthcoming? Further, will the government look at the fact that many producers have potatoes rotting in storage because, as I understand it, of the particular climatic conditions being experienced this year.

It is a much greater disaster for those farmers who face the possibility of losing their entire crop than it is for those who are suffering from a depressed market. This is an important matter. I have the information at first hand. I would appreciate anything the minister might do, including taking the issue up with his colleagues.

**Senator de Cotret:** I appreciate the question, honourable senator, and I will take it up with my colleague, the Minister of Agriculture. I hope to be able to respond in the very near future to the three questions you have raised.

## INCOME TAX

### MORTGAGE INTEREST AND PROPERTY TAX CREDIT

**Senator Perrault:** Honourable senators, I have a question for the Leader of the Government in the Senate.

Time and time again this government has pledged its enduring respect for parliamentary traditions. There was a report in the media yesterday—I presume it must have been incorrect—which stated that the government house leader in the other place said:

—property tax deduction forms will be mailed out to 15 million Canadians next week with 1979 income tax packages even though the tax credit bill has not yet cleared Parliament.

Surely, honourable senators, this cannot be true. This measure has not been before the Senate in any formal way, and surely the government does not intend to distribute these forms with this deduction clearly set out in them. Can the government deny these reports?

**Senator Flynn:** Actually, I will confirm the statement made by the government house leader in the House of Commons to the effect that forms by which the proposed tax credit may be claimed have been printed. That has been done for the very reason that it is the custom to send out these forms at this time of the year. If they are not sent out it will be impossible to make refunds in the proper and ordinary way.

The simple fact is that if Parliament does not approve this legislation, the part concerning this deduction will not be applicable, and an information program will have to be

launched for the purpose of informing Canadian citizens that Parliament has not accepted this legislation. If it is adopted, however, some time in January or February, and the deduction then becomes available to taxpayers, the machinery will be in place. It would have been impossible simply to wait and not make these arrangements. This is nothing new, and I do not think the Leader of the Opposition would suggest any other procedure.

**Senator Perrault:** May I suggest to the honourable leader, however, that the government, had they been concerned about producing sound legislation in this area, might have considered giving this measure the very highest priority when it first called Parliament together in October, and accorded it the attention it obviously deserves and should be given by both houses of Parliament.

Honourable senators, I want to ask the Leader of the Government another question. The government house leader in the other place is reported to have stated also that no amendments to this measure will be tolerated. Surely it is not the attitude of the Leader of the Government in this house that the Senate shall be debarred from attempting to amend this measure, or that the Senate shall be encouraged to leave this measure absolutely intact under some sort of pressure from the other side?

**Senator Flynn:** Honourable senators, in the first place I should like to remind Senator Perrault that first reading of Bill C-20 took place on October 29. That is close to a month ago. The bill has been debated on several occasions—I think on at least five days—up to now. The responsibility for the delay, therefore, is certainly not that of the government.

The second thing I should like to point out is that what the government house leader in the other place said with regard to amendments was that minor amendments would possibly be accepted, but that major amendments would create a terrible problem with particular regard to the question of income tax forms. That is all he said.

Amendments might be made next year, but this legislation is intended to be applicable in the current calendar year as far as taxpayers are concerned.

● (1450)

**Senator Perrault:** Has the Leader of the Government urged his colleagues in the other place to get this bill to the Senate as quickly as possible? I ask that question because last night in the other place the opposition parties urged an immediate vote, and members of the government stated that they had speeches they wanted to make before the measure was passed. Certainly the Leader of the Government cannot now suggest that there has been a hold-up by the opposition in the other place.

**Senator Flynn:** I did not suggest that there was a hold-up. I said that it has taken time up to now. I would refer to the fact that it has been debated for five days, mostly by members of the official opposition in the other place. As far as the Senate is concerned, my understanding is that there was a study of the subject matter of this bill in the committee this morning. Am I correct in that?

**Senator Hayden:** That is right.

**Senator Flynn:** If I am correctly informed, an agreement has been reached that a vote will be taken on this bill next Tuesday, and if it reaches us next week it will be possible to deal with it promptly, especially since it has been pre-studied here.

**Senator Olson:** I should like to ask the government leader if he subscribes to the statement made by the house leader in the other place, or the Minister of Finance, that no amendments will be tolerated. If that is so, I don't quite see the point of having any study.

**Senator Flynn:** Again I say that was not the statement of the government house leader in the other place. He did not say amendments would not be tolerated. He said that the government would accept minor amendments, but that major amendments would create a very difficult problem as far as the income tax forms are concerned. That is what he said. If the other place wants to defeat the bill, that is up to them. If the Senate wants to reject the bill, there will be an opportunity to do so. Nobody is preventing it. We simply say that it would be difficult to change the bill substantially at this time. But if you want to do it, do it. If you want to create chaos, do so. There is nothing preventing you from acting in any way, shape or form that you think you should. You are entirely free to do so.

**Senator Olson:** We know that, but it seems to me that introducing a bill, and even having the subject matter of the bill referred to a committee—which is really the place to examine a bill and make suggestions for amendment—and then coming along and saying that no amendment of any substance will be tolerated because of these other reasons, is a bad way to proceed.

**Senator Flynn:** No, no. Again I deny that this was said.

[*Translation*]

#### NATIONAL UNITY

##### QUEBEC WHITE PAPER ON SOVEREIGNTY ASSOCIATION— REFERENDUM—CONSTITUTIONAL OPTIONS

**Senator Lamontagne:** Honourable senators, I have a question for the Minister of Justice.

Since Quebecers have a recognized right to know what will happen before and after the referendum in Quebec, and since the Quebec government white paper states, and I quote:

... a positive answer, democratically expressed under the eyes of the international community, would force Ottawa and the rest of Canada to react in the same democratic way ...

I should add that logic would have it that the Canadian government also hold its own referendum, and I ask why this government decided not to consult the people, why it is denying the rest of Canada the right given Quebecers by their provincial government.

**Senator Flynn:** The government's decision not to put forward again the legislation that died on the order paper at the end of last session has been explained a number of times. We

[*Senator Flynn.*]

feel that this kind of situation, before a Quebec referendum, would be sheer provocation. It would be an insult to the intelligence of Quebecers because they are quite capable of deciding for themselves.

There is no need to consult the rest of the country at this point if Quebecers, as I am confident they will do, reject the constitutional proposal of the current Quebec government. But if unfortunately—and this is purely hypothetical—if unfortunately they were to approve that proposal, it would then be very easy to consult the people, as it would be for provincial governments to do so.

I have the conviction that, in the case where it might be beneficial to hold a federal referendum, and also provincial ones, we would have the support of the official opposition to put the system in place without delay.

As I said, we are confident that Quebecers will know how to answer the question, they will understand it whatever formulation Mr. Claude Morin deems fit to bring out.

**Senator Lamontagne:** If my understanding is right, the Minister of Justice in no way precludes the possibility of holding a referendum in the rest of Canada?

**Senator Flynn:** If you wish. This is purely hypothetical. I am telling you at this point I am convinced this will not be needed. We shall decide in due time. If this came to be needed, it would be considered.

##### QUEBEC WHITE PAPER ON SOVEREIGNTY ASSOCIATION— CANADA-UNITED STATES AUTO PACT

**Senator Lamontagne:** Again about the white paper, I now wish to ask a question to the Minister of State for Economic Development.

Is it true, as stated in this white paper, that, I quote:

The auto pact between Canada and the United States made it possible to concentrate nearly 90 per cent of automobile production in Ontario, with all the advantages of subcontracting.

**Senator de Cotret:** This assertion was made not only in the white paper but in several other studies concerning the auto pact. If my memory serves me well, I think that the Reisman report on the auto pact underlined that this pact had a certain influence in that field but that it did not connect the geographic distribution of the automobile industry. However, it is just one of many factors.

**Senator Lamontagne:** Is it not true that way over 90 per cent of the automobile industry has been located in Ontario since the advent of the automobile?

**Senator de Cotret:** Way under 90 per cent?

**Senator Lamontagne:** Over.

**Senator de Cotret:** Way over 90 per cent, I shall have to check, I do not know.



[English]

### CRIMINAL CODE

#### ABORTIONS—REPORT OF STATISTICS CANADA

**Senator Haidasz:** I should like to direct a question to the Minister of Justice, who is responsible for the administration of the Criminal Code.

In view of the recent report of Statistics Canada that in 1978 there were performed in Canadian hospitals 62,290 therapeutic abortions, which means a rise of 8.2 per cent in one year alone, would the Minister of Justice investigate this appalling upward trend, as it is unbelievable that the health of Canadian women has deteriorated so much at this time of good health conditions in our country?

**Senator Flynn:** I will certainly look into those figures. I was not aware of them.

#### ABORTIONS—BRIEF OF CAMPAIGN LIFE CANADA

**Senator Haidasz:** May I ask the minister a supplementary question? Has he received a brief from the Campaign Life Canada, a national anti-abortion group which visited Parliament Hill last Thursday? If so, what is his reaction to it?

**Senator Flynn:** I do not specifically remember that brief. I know that I have received much correspondence on that issue, but, as you know, in practice the administration of this provision of the Criminal Code is a provincial responsibility because hospitals are under provincial jurisdiction.

However, I have received briefs and, although I cannot identify the one to which the honourable senator refers, if he wishes me to I will look into the matter.

● (1500)

### VETERANS AFFAIRS

#### BUDGET CUTS—DETERIORATION OF SERVICE TO HOSPITALIZED WAR VETERANS

**Senator Flynn:** I should like to reply to a question put to me yesterday by Senator Haidasz about the 2 per cent budgetary cut on hospital services provided to veterans.

I have been assured that there is no evidence that the 2 per cent reduction to which the honourable senator referred has had an adverse effect on the level of care provided to veterans in departmental or contract institutions.

[Translation]

### INTERNATIONAL DEVELOPMENT

#### AID TO HONDURAS

**Senator Asselin:** Honourable senators, yesterday the Honourable Senator Robichaud asked me a question about federal expenditures in the forest industry in Canada. He asked me if I thought it was fair that CIDA should allocate \$18 million for a program to allow Honduras to develop its forest resources when, according to Senator Robichaud, the federal government spent only \$38 million on the Canadian forest industry.

I had an opportunity, honourable senators, to check the figures. Of course, the federal government spent \$129.1 million during fiscal year 1978-79 on the Canadian forest industry. Those funds came from nine departments, including DREE, Environment Canada, Indian Affairs and Northern Development, and Energy, Mines and Resources. I was also told that estimated expenditures for fiscal 1979-80 totalled \$196.1 million.

I hope to be able to give Senator Robichaud more information but, if he likes, he might want to meet with a CIDA official who could give him more details.

As to the CIDA program in Honduras, that program includes a credit line of \$12 million to be made available interest free to the Honduran government organization, the Honduran Forest Development Corporation, to enable it to purchase Canadian equipment. That corporation also gets a \$2.9 million grant from CIDA under a technical and training assistance program. Other projects in the forest industry in Honduras include a \$1.2 million grant for an inventory of hardwood resources in Honduras and a \$1.2 million grant for financing a fire protection program, in co-operation with the Government of New Brunswick.

[English]

Honourable senators, I should like to give notice to my good friend the Leader of the Opposition that because of official business I will be obliged to be away from the Senate for two weeks. During that period Senator Flynn will answer questions on my behalf.

[Translation]

**Senator Perrault:** Good luck and bon voyage!

[English]

### OLD AGE SECURITY ACT

#### BILL TO AMEND—THIRD READING

**Senator Macdonald** moved the third reading of Bill C-6, to amend the Old Age Security Act.

Motion agreed to and bill read third time and passed.

### ROYAL ASSENT

#### NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received:

RIDEAU HALL  
OTTAWA  
GOVERNMENT HOUSE

November 29, 1979

Sir,

I have the honour to inform you that the Honourable W. Z. Estey, LL.D., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 29th day

of November, at 5.45 p.m., for the purpose of giving Royal Assent to a Bill.

I have the honour to be,  
Sir,  
Your obedient servant,  
Edmond Joly de Lotbinière  
Administrative Secretary to the  
Governor General

The Honourable  
The Speaker of the Senate,  
Ottawa.

### NORTHERN PIPELINE

#### MOTION FOR ADOPTION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the first report of the Special Committee of the Senate on the Northern Pipeline, which was presented yesterday.

**Senator Olson** moved that the report be adopted.

He said: Honourable senators, I should like to give some explanation of the three points contained within this report. The first point is that we are asking the Senate to give the committee authority to inquire into enhanced recovery techniques from existing oil fields in Canada. The second point is a broadening of the terms of reference of this committee so that, if and when—and I guess it is more when than if—other matters are brought to the attention of this chamber, such as the Q and M Pipeline that will presumably be extending the gas delivery system from Montreal into eastern Quebec and on through the maritime provinces, we would have the capability of taking that kind of matter under study. In respect of that particular matter there may be some preliminary discussion that ought to be had by the members of the committee with some of the officials of this particular project even before there is any official reference to this house.

The third point in the report that is laid before you is simply to reduce the quorum of the committee to five. The present quorum of standing committees of this house is five but, as you know, one of the rules—and I forget which one—requires one-third of the membership of a special committee to be the quorum unless otherwise ordered.

On that point I should mention that this special committee is not limited to 20 members, as I am sure honourable senators know. Therefore, on occasions when energy matters or pipeline matters are before the committee, such as the Q and M Pipeline, it would be entirely within the Senate's right to add members to the committee without taking others off. At one point in the last session we had for a few days as many as 23 members on the committee; there may even have been more than 23.

● (1510)

May I now deal with the second part of the committee's report—that is, the part dealing with the expanded terms of

reference? Honourable senators will note that we are asking that there be referred to the committee, if there is a motion to that effect, bills, messages, petitions, inquiries, papers and other matters relating to petroleum and natural gas generally, including (i) petroleum and natural gas transmission. All we are talking about here, of course, as far as natural gas is concerned, is pipelines. As far as it could be interpreted, petroleum transmission could involve something other than pipelines, but it is not the intention of the committee that it look at anything other than pipelines for the purposes of transporting oil.

The second included item is petroleum and natural gas administration. We think that, because we will be looking into petroleum and natural gas measures more than anything else, there may be some other matters which might come up under the Petroleum Administration Act at some point in the future. This would give the committee the authority to look at them too.

The third included item is the exploration, production and conservation of petroleum and natural gas. I believe those words are self-explanatory. Exploration could include such things as frontier exploration activities, both in Canada's north and, indeed, offshore exploration activities. The exploration, production and conservation, you will note, is confined to petroleum and natural gas.

We wish to have the terms as broad as necessary so that we have the competence to receive directives from the Senate to study all these things, but we did not want to use the words "energy matters", because they really sweep in another whole group of considerations. They could sweep in considerations such as coal, tidal power, nuclear energy, and so forth. The committee does not, at this point in time at least, wish to be involved in those areas.

To take nuclear energy as an example, as you know there is a joint committee that is in the process of being set up, or has been set up, to look into that matter. We also know that, in that particular energy area, there are many political and international considerations that really have nothing to do with energy self-sufficiency within Canada. These would be safeguards and political considerations, and so forth. This led me to the conclusion that we have no interest in that kind of energy matter, and do not wish to take it under consideration.

We know that there are many projections that need to be discussed in the field of coal, both in western and eastern Canada and perhaps it is even broader than that. At this point in time, for the purpose of the committee's consideration of energy transmission particularly, and supplies of hydrocarbon energy, both petroleum and natural gas, it is not our desire to take these other matters under consideration.

I should advise the Senate that we have already heard a brief submission from the president of the company which is proposing to build and operate the Q and M Pipeline. This was done only in a preliminary way so that some senators—particularly those from the maritime provinces—interested in this could obtain an introduction to the matter. I should tell



the Senate that we could not, within our present terms of reference, really go very far into that, because the terms of reference now are confined to the Northern Gas Pipeline.

I should like to say a few words regarding the other matter—that is, that the committee be authorized to examine and report upon the enhanced recovery technology of petroleum and natural gas. I was going to make a speech regarding this enhanced recovery technology in the debate initiated by Senator Manning when he spoke about a national energy policy for Canada. It seems to me that in the four main considerations he outlined there is one, on the supply side at least, that in my view stands out as holding the greatest potential for Canada's becoming self-sufficient quickly. That is in this technique of enhanced recovery from existing oil fields. This should not, in my view, in any way diminish the exploration activities that are going on, whether they are in the great Canadian sedimentary basin, western Canada, the North, or offshore in eastern Canada.

I believe that insufficient attention has been paid to these enhanced recovery techniques. Therefore, it would be useful for a public forum to be set up to pull together the experts and have them state their opinion on what the potential is under the enhanced recovery techniques, and also to give us some indication of the cost of the secondary recoveries. I do not wish to go into the detailed figures, because I think that ought to be left to the committee.

I should like to elaborate on this. Our average recoverability of light crude oil in western Canada from known fields at the present time is approximately 30 per cent, or perhaps slightly more than 30 per cent. We also know that that has increased significantly during the past 10 years, perhaps by as much as 10 per cent. That would mean that recoverability has grown from slightly over 20 per cent of the oil known to be there to slightly over 30 per cent of the oil known to be there.

This has many facets. First of all, there are some enhanced technologies that have been applied, such as water flooding, injections of heat, injections of other gases—CO<sub>2</sub> is one—but there are other materials and gases that can be injected into these formations to enhance what we call the enhanced recovery amounts.

It seems to me that we ought to hear from some of the people who have made these highly technical studies, not only those from Canada but those who have conducted such studies in other places around the world. We should obtain their opinion as to what can be done.

I can give you some figures today from bodies such as the National Energy Board and the Canadian Petroleum Association, and from several of the larger companies that are involved in enhanced recovery technology but you will see from the figures that they are very far apart in their estimates. Indeed, the technology or the state of the art is changing so rapidly that we really have to have an update on it.

● (1520)

I also believe it is fair to say that we really need to have, or at least be part of, an information service, or an educational service—whatever you wish to call it—so that Canadians will

better understand how much crude oil and natural gas Canada does have. I refer to known discoveries. It is not a matter of doing a lot of high risk exploratory work looking for new oil or gas fields. This is gas and oil already known to exist. It is a matter of how much we can get to the surface and can use.

To get back to the figures, and to put the matter in perspective, according to the Canadian Petroleum Association the estimated established remaining and recoverable reserves from conventional oil fields, as of January 1, 1978, was 5.970 billion barrels. Estimates from the provinces put the amount at something like 6.116 billion barrels; and the National Energy Board puts the amount at 5.782 billion barrels. So they are not very far apart. The known amount of oil that can be recovered under presently applied technology is around six billion barrels.

In addition, one large company, Amoco—a company known to senators—believes that there is an additional amount of oil in those fields of 3.75 billion barrels. Gulf Oil estimates the figure at 2.8 billion barrels; Imperial Oil at 1.5 billion barrels; and the Canadian Petroleum Association at 2.5 billion barrels. The National Energy Board puts the amount of light crude oil at anywhere between 300 million and 1.6 billion barrels. With regard to heavy crude oil, the estimates go all the way from 820 million additional barrels to two billion barrels.

There is an interesting field in the Lloydminster, Saskatchewan and Alberta, area where, according to the National Energy Board, the amount varies from 580 million barrels to 2.24 billion barrels, all of which can be brought into production and used with some enhanced recovery techniques.

Much of the technology for bringing this oil to the surface for use is already known. Therefore, it is not a case of being totally reliant on research people coming up with new technology. One problem is that each time some new technology is applied to increase the recoverability of this oil, costs go up. So it seems to me that we first have to advise ourselves and then the Canadian people that there is a price which has to be paid for bringing this oil onstream, and that the more we take out of any field, the more expensive it becomes, because of the cost of using that technology.

I shall not try to discuss today the point about who gets a share of any increased oil prices. I had considered discussing it, but possibly earlier in the session I did make a speech along that line. We need to assure Canadians that we have sufficient oil and gas in this country, excluding oil from the tar sands. If we include oil from the tar sands, then we have enough oil for 400 or 500 years. But that is not the kind of recovery about which I am speaking, but, rather, what we can get as a reasonable price for oil recovered from the tar sands, plus all the rest of the oil that is known and already in place. We are not likely to run out of oil in Canada either in this or the next generation.

We have to inform ourselves, and the Canadian people as a whole, that the additional amounts of recovery from those oil fields will mean increasingly higher prices. We should get ourselves into a position where we can make use of that oil.

The day has gone when we could rely only on the so-called cheap portion of the light crude oil to which we had become, and still are, accustomed. I refer not only to the light crude oil from Canadian production, but also the same kind of light crude oil and relatively low cost production which we bring in from the Middle East and Venezuela.

I do not wish honourable senators to get the idea that we are going to become technical experts on enhanced recovery methods. It is a highly technical field and, indeed, the technique is different for almost every oil field in North America. Some oil formations respond to water flooding. Others respond well to an injection of steam or heat to loosen the oil and bring it to the surface in a liquefied condition. There are other techniques, such as the injection of CO<sub>2</sub> or other gas, which encourage production.

I do not pretend to be an expert, and I do not believe we shall have become experts after we have completed the proposed study. We would bring before the committee experts who would be asked for their opinion on how soon the secondary recovery techniques could be applied. We could also inquire as to the cost, because the cost per barrel of bringing this oil to the stage of consumer use varies just as widely from one company to another as the estimate of the amount available.

In my view, it would be a useful exercise to have the committee study this matter. I would not be impressed by anyone suggesting that the Senate should not do this because the matter is already being considered by the Department of Energy, Mines and Resources and by the National Energy Board, or that the Energy Conservation Board of Alberta is doing a great deal of work on this. Certainly those bodies are making those studies; I do not question that fact for one moment. However, I do see a serious lack of understanding, on the part of Canadians, of the amount of oil we have and the potential cost of bringing it to the surface so that it can be used by consumers.

● (1530)

I do not want to say very much about natural gas, because there are no up-to-date figures. The National Energy Board has been taking evidence on this for several months now, and a report is due within the next few weeks. From my observations, and discussions with people in Alberta who do understand these reserves calculations, I believe there will be a significant increase in the estimated amount of accessible reserves. We will have additional gas to supply many of the users who have been using imported crude, and probably a great deal for export besides.

The gas industry in Alberta has been shutting down or going into a state of dormancy as far as new exploration and development is concerned simply because of a lack of markets. Honourable senators will understand that it is difficult, to say the least, for the independent and smaller gas companies to continue adding natural gas to their inventories of reserves when they do not have a cash flow from some market to take care of the costs.

[Senator Olson.]

On the oil side, it seems to me there is so much more in the known oil fields that we need only find a way of extracting it. Certainly it is there, and we know now that if we spend enough money, we can get at it. We need to readjust some of our tax incentives to encourage companies to invest in enhanced recovery. If we can do that, we will have supplies of oil for a long time to come.

The bringing together of the various experts would be of use in putting into perspective what our reserves are, and how we can convert those reserves into useable reserves to supply Canadians. We have enough oil in this country, and there are ways of getting it into the hands of consumers, so we do not have to face the uncertainty that we have faced in the past.

I am not making a pitch in any way, shape or form for some further tax concessions or tax incentives for the industry. I believe we should carry out this inquiry with a view to making some recommendations to the government for changing or altering the manner in which tax incentives are offered so that we take full advantage of those incentives in increasing our reserves.

It should be noted that the entire delivery system for bringing these enhanced recoveries to the user is already in place. The known oil fields are already hooked up to a distribution system that runs all the way from Alberta to Montreal, and that system can be extended. Given that the transportation system is in place, enhanced recoveries are even more attractive than new discoveries. If, for example, a significant discovery is found in a place far removed from a pipeline, the building of a transportation system capable of carrying that oil to market can be a greater problem than developing oil wells in the new fields. It seems to me, therefore, obvious that further production from known fields, given the transportation system already in place, would be far more beneficial during the next few years.

**Senator Deschatelets:** In relation to this matter of tax incentives, what authority determines whether or not these large amounts of money flowing back to these companies as a result of tax incentives are being used for further exploration and development? What body or authority is charged with the responsibility of checking that?

**Senator Olson:** I suppose there are several ways of checking it. I am sure the Department of National Revenue verifies that deductions in respect of production costs, write-offs, depletion allowances, and so forth, are in fact warranted. The Alberta government claims that the record of reinvestment of company earnings stands at about 84 per cent. In other words 84 per cent of the earnings are reinvested in the exploration for, and development of, more supplies.

I might say, since you have raised this subject, I for one would be in favour of amending the laws so as to ensure that any additional moneys that would be accruing to the industry over and above a reasonable return are reinvested in this way.

**Senator Deschatelets:** Would it be possible for your committee to look into this? The fear in the minds of the public, of course, is that these large amounts of money which flow back



to the companies are not totally reinvested. We hear about these tax concessions or incentives from time to time, but I certainly have not seen any report which shows the percentage which is being reinvested.

**Senator Olson:** No doubt there is a way of checking that, but I am certainly not asking that the committee be given the job of auditing the books of the companies. I am sure we have the means by which to find out just how much is being reinvested. The Alberta government has said that approximately 84 per cent of the earnings of these companies is reinvested. That is a figure that has been used in the last few days.

Personally, I am in favour of amending the laws in whatever way is necessary to ensure that these funds are reinvested for the purpose of increasing reserves. If they are not used for that purpose, then these extra profits should be taxed away in some form. Perhaps that will be part of the energy package which is to be brought down within the next few days.

● (1540)

Honourable senators, I would conclude by asking the Senate to adopt the report. I feel that we can perform a useful service to Canada by assessing these enhanced recovery techniques and studying the other matters contained in the extended terms of reference. I cannot give an indication now as to when we shall begin the study, but I can say on behalf of the committee that there was almost unanimous agreement that we should get down to these subjects.

On motion of Senator Macdonald, debate adjourned.

## STANDING RULES AND ORDERS

### FIRST REPORT REFERRED BACK TO STANDING COMMITTEE

#### On the Order:

Resuming the debate on the motion of Senator Molson for the adoption of the first report of the Standing Committee on Standing Rules and Orders—(*Honourable Senator Macdonald*)

**Senator Macdonald:** If honourable senators are agreeable, I should like to yield to Senator Neiman.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Neiman:** Honourable senators, I am sure we are all grateful to Senator Bosa for bringing the provisions of rule 49 to our attention and giving his reasons why he felt changes should be made. I am not sure at this point, after some reflection, that I entirely agree with the reasons put forward by Senator Olson, after a very careful study in the Standing Committee on Standing Rules and Orders, for the changes that are being advocated. At this point I feel that, while the rule does require some improvement, it requires it more in its drafting than in its spirit or the procedures involved.

I must say that I have a number of weaknesses which I am not prepared to list here in detail, but one of them is that I am very often persuaded by the last person who makes an argument in favour of any particular matter. At the time that Senator Molson spoke, I thought that the reasons he gave for changing the rule were excellent. Again, when Senator Macquarrie spoke, I agreed with him that there are times when it is very difficult for a conscientious senator or, indeed, a member of the other place, to have to vote on a particular measure.

I think anyone who has been in this chamber for any length of time knows that senators on both sides have had difficulties over the years with omnibus bills. None of us has been happy with this and, in previous years, many of us have urged our respective governments not to bring forward this type of bill. Such bills create all sorts of difficulties because there are times, in fact, when we would be happy to support certain portions of them and reluctant to support others. As has been said, our only recourse is to go along with it, or to refrain from voting by leaving the chamber.

When Senator Olson spoke the other day, I had to agree entirely with the arguments that he put forward. I am convinced, as he is, that it is our own responsibility and, indeed, our duty under the Constitution, to pass upon legislation. We can vote for it, we can vote against it, or we can refrain from voting, but I hope we would be afforded the opportunity of giving our reasons. Above all, I think we have, in some way, to stand and be counted.

Senator Frith spoke in this debate the other night, and he too was firmly opposed to any change in the present rule. He argued rather forcefully in favour of simply being able to stand up and give reasons, and said that that should be sufficient. I do not know whether Senator Frith was carried away by his own rhetoric, but I found one small flaw in his argument when it was all over, and that is that he seemed so convinced that if he stood up and gave his reasons for not voting on a particular measure, the rest of us, in the spirit of camaraderie that is usually exhibited in the Senate, would automatically accept them. There is the possibility that one of these days the majority of us would be in a churlish or dyspeptic mood, and would simply not accept his reasons.

What happens then? Our respected Speaker has to stand and ask him to give his reasons—and I am not clear if the question is put before the vote is taken or after—or we all have to wait while the senator in question retreats from the room, perhaps to the slow beat on our desk tops, so that he does not have to register his vote. This conjures up a rather doleful picture, and I do not think His Honour should ever be put in that position.

For that reason, I think the latter provision in rule 49(1) (c) should be dispensed with.

Apart from that, I have difficulty with the word "assign", which is used in rule 49. I have looked up the definition of the word in the latest edition of Funk and Wagnall's Dictionary, and I find that "assign" means "to set apart, to allot, to

appoint," and it certainly does not mean "to give", in the sense that a senator would be required to give his reasons.

I know that Senator Frith, like Senator Choquette, is a stickler for the proper usage of the English language, but I am not sure that Senator Frith, if we were to extend that expression any further, would really want any assignation that he might make to be judged by his colleagues here in the Senate.

#### MOTION IN AMENDMENT

**Senator Neiman:** Honourable senators, I would suggest and recommend that we take another look at this rule. I think that basically the idea and the spirit of the rule is good, but a great deal of the language could be improved.

Therefore, I move, in amendment, seconded by Senator Anderson:

That the report be not now adopted but that it be referred back to the Standing Committee on Standing Rules and Orders for further consideration.

Motion in amendment agreed to.

The Senate adjourned during pleasure.

#### ROYAL ASSENT

The Honourable W. Z. Estey, LL.D., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the

Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable W. Z. Estey, LL.D., Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

An Act to amend the Old Age Security Act.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, December 4, at 8 p.m.



## APPENDIX

(See p. 458)

## THE ESTIMATES

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE  
ON SUPPLEMENTARY ESTIMATES (B)

November 29, 1979

The Standing Senate Committee on National Finance to which the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1980, were referred, has in obedience to the order of reference of Thursday, November 8, 1979, examined the said Supplementary Estimates (B) and reports as follows:

(1) The Committee was authorized by the Senate as recorded in the Minutes and Proceedings of the Senate of November 8, 1979 to examine and report upon the expenditures proposed by the Supplementary Estimates (B) laid before Parliament for the fiscal year ending March 31, 1980.

(2) In obedience to the foregoing, your Committee examined the Supplementary Estimates (B) and heard evidence from the following officials of the Treasury Board: Mr. J. L. Manion, Secretary; Miss Denise Moncion, Assistant Secretary, Program Branch; Mr. E. A. Radburn, Director, Estimates Division, Program Branch; Mr. E. R. Stimpson, Director, Expenditure Analysis Division, Program Branch; and from the Department of Communications: Mr. John C. Smirle, Manager, Applications and Standards.

(3) These Supplementary Estimates (B) total \$1,031 million. The budgetary expenditures total \$992 million of which \$600 million are statutory items and \$392 million represent funds for which Parliament is being asked to provide new authority. The non-budgetary expenses, that is to say, loans, investments, and advances include \$39 million to be voted. The total Estimates for the fiscal year ending March 31, 1980 are now increased to \$54,946 million. This exceeds by \$680 million the total estimates anticipated in the federal expenditure plan for the year.

(4) Of the \$431 million in these Supplementary Estimates (B) which are to be voted by Parliament some of the major items are:

- \$120 million for additional home insulation
- \$63 million for the Department of National Defence to cover increased contributions to NATO
- \$20 million for additional assistance to the ship building industry
- \$30 million to increase the limit in the petroleum compensation revolving fund
- \$21 million to the Cape Breton Development Corporation for capital expenditures and rehabilitation and development of its coal and railway operations.

(5) Of the \$600 million representing statutory items in these Supplementary Estimates the major items are:

- \$297 million for additional payments to provinces
- \$100 million for additional costs of servicing the public debt
- \$53 million for income security programs such as old age security
- \$60 million for additional election expenses.

(6) Treasury Board supplied the Committee with a list explaining the \$1 items for Supplementary Estimates (B) which is attached as an Appendix to this Report.

*(7) Program Authorization By Appropriation Act*

In its report on the Supplementary Estimates (A) for 1979-80 the Committee drew attention to the practice of giving programs their original base in legislation in an appropriation act. Three instances of this practice and its ramifications were noted during examination of these Supplementary Estimates.

Salmonid Enhancement. The Salmonid Enhancement program of the Department of Fisheries and Oceans, funded at a level in excess of \$20 million per annum for a period of three to four years was authorized in an appropriation act. Treasury Board officials maintained that this type of program falls within the general mandate of the department and therefore no authorizing legislation was required, even though the cost was "fairly substantial". The Committee disagrees with the position articulated by the Treasury Board for reasons to be set out after discussion of two other examples.

Our concern with Salmonid Enhancement was further heightened when a review of the Department's statement of objectives, as contained in the Main Estimates for 1979-80 and the act creating the Department indicated that "community development", an objective of the Salmonid Enhancement Program, does not appear to be specifically within the Department's mandate.

VIA Rail. VIA Rail is another example of a program whose original legislation is based upon an appropriation act, No. 1, 1977. In this instance the technique used was a dollar vote. At the time the related Estimates were being reviewed, Senator Manning objected to this use of appropriation acts, wherein an annual expenditure of up to \$240 million was to be permitted in the absence of Parliamentary scrutiny, other than that allowed in the estimates-appropriation act process. Two years later in the Supplementary Estimates (B) Parliamentary

approval is being sought to remove that annual expenditure restriction, again without any provision for fundamental debate on the merits of the case.

Treasury Board officials stated that the Department of Transport is preparing a report to identify means of achieving a reduction of the cost of VIA Rail but that insofar as they were aware the option of discontinuing service, as was done in Newfoundland, is not under consideration. Your Committee is sufficiently concerned with this escalating expenditure that it will give serious consideration to requesting the President of VIA Rail to appear.

The Canadian Home Insulation Program (CHIP). This Canada Mortgage and Housing Corporation program is another example of program authorization by an appropriation act. Its predecessor the Home Insulation Plan which operates in the provinces of Prince Edward Island and Nova Scotia where most heating is related to oil or oil generated electricity, was authorized by *Appropriation Act No. 1, 1977*. The Main Estimates for fiscal year 1978-79 estimated the program cost at \$69.2 million dollars.

The Canadian Home Insulation Program operates in all other provinces and was first estimated to cost some \$47 million, in the Main Estimates of the fiscal year 1979-80. This figure was subsequently revised to \$167.3 million in these Supplementary Estimates, as a result of changes to the program design, effective April 1979. A rudimentary calculation based upon figures given by Treasury Board officials during the hearing suggest that the cost of the program for this fiscal year alone could amount to \$250 million. It appears that the full cost of this home insulation program has not yet been made clear to Parliament.

The absence of any Parliamentary review of the program distresses your Committee in light of questions raised during our hearings. The continued need for such a program was questioned in view of anticipated changes in the price of oil which will provide added, perhaps sufficient, incentives to home owners to insulate. The adequacy of the design of the Canadian Home Insulation Program was also questioned, specifically the absence of targetting of incentives to reduce oil consumption in parts of the country where gas is available or where oil generated electricity used for heating purposes is a small portion of the total power generated.

Basic Concern. The concern of the Committee with the practice of program authorization by appropriation act was

expressed by Senator Balfour. "... The fundamental point ... is that here we have another program involving substantial expenditures of public monies, \$167 million which has, in effect, been put in place by an estimate rather than by legislation ... What I am attempting to expose is the weakness of going about putting large programs of this kind in place in this way.

"It would seem to me that the program could have been improved upon had it been legislated into existence, been exposed to debate, and an opportunity been given to the legislators to scrutinize the detail of the program and possibly improve it."

The Committee strongly suggests that Treasury Board develop a set of guidelines which state the conditions under which program authorization by appropriation act should occur and submit a draft statement to this Committee in conjunction with the tabling of Supplementary Estimates (C) for this year or the Main Estimates for fiscal year 1980-81.

(8) Concern was expressed about the compensation allowed to institutions for the sale of Federal Government bonds. Treasury Board officials agreed to provide the Committee with a comparison of the commissions paid by the federal government, provincial governments and industrial organizations. Because many millions of dollars are involved your Committee will report further if the compensation paid does not appear to represent economic purchase of these services.

(9) The Committee was concerned when it learned of the possibility that the Treasury Board may not have the tools to discharge its responsibility to ensure that departments do not commence activities prior to receipt of the necessary Parliamentary authority. Officials informed the Committee that the Auditor General is looking into the matter.

(10) Currently federal government departments are required to pay normal duty and taxes on the entry of scientific equipment and apparatus into Canada. The intent is to show Parliament the full costs of government programs. Officials stated that a review of this policy was underway because of the costs involved. Your Committee expects to be informed by the Treasury Board of the findings of that review.

(11) The display of information in these Supplementary Estimates with respect to the Fiscal Transfer Payments Program, Department of Finance, could be improved by clearly indicating that the amount of \$157 million, ("Adjustments for



Prior Years") in fact represents an estimate as of a specific date not the final amount for adjustments. Treasury Board officials agreed to improve the description.

(12) The total cost of the Department of National Defence's contributions to the North Atlantic Treaty Organization infrastructure program for the period 1980-84 will be \$495 million, a figure which does not appear in the estimates. When authorized by Cabinet, 1 December 1978, the funding for 1979-80 was directed to be provided by a re-allocation within the DND budget by means of an administrative review. When conducted it failed to find the necessary resources and thus the full amount was requested via supplementary estimates. The Committee is concerned about the weaknesses thus displayed in expenditure management and will seek to inform itself about the new expenditure management system, the resource envelopes, to determine whether or not it will rectify such weaknesses.

(13) The Committee was pleased to obtain the explanation of the rationale and objectives for the Department of Communication's participation in the Telidon Project. Statements by Mr. Smirle, which included indications of satisfactory progress to date toward attainment of the economic objectives, were helpful to the Committee in assessing the merits of the request for this \$9 million item.

(14) The Canadian Grain Commission's explanation of requirement given for the additional costs of operating grain elevators pending privatization did not indicate the fact that there are also revenues associated with the operation. Where there are revenues and expenditures associated with an activity the display of both would assist the Committee in its review of the estimates by increasing its understanding of the nature of the activity.

(15) The display of program costs could be improved by indicating in cases such as CHIP, Telidon and Salmonid Enhancement the expected costs for the life of the program at the time they are introduced. This is already done for new capital projects where the estimated total cost and the amount to be expended for the fiscal year are shown by the Department of National Defence and in the Energy, Mines and Resources' Earth Science Program where previously estimated total cost and currently estimated total cost are given.

(16) The Department of the Environment operates a program intended to prevent damage to crops from migrating

birds while the Department of Agriculture operates a program to compensate farmers for this type of crop damage. It would help the Committee to do its work if these complementary physical and financial linkages were made clear in the Estimates.

Respectfully submitted,

D. D. EVERETT,  
*Chairman.*

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#### APPENDIX TO REPORT

#### LIST OF ONE DOLLAR VOTES INCLUDED IN SUPPLEMENTARY ESTIMATES (B), 1979-80

The 20 One Dollar Votes included in these Estimates are listed in Appendix I by ministry and agency along with the page number where each vote may be located in the Estimates.

These One Dollar Votes are grouped below into categories according to their prime purpose. The votes are also identified in Appendix I according to these categories. The category for each vote has been designated by an "X". In those instances where a vote falls into more than one category, the prime category is designated by an "X" and other categories by an "X\*"

- A. Four votes which authorize the transfer of funds from one vote to another. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)
- B. Three votes which authorize the payment of grants. (An explanation of the new requirement and the source of funds is provided in Supplementary Estimates.)
- C. Seven votes which authorize the deletion of debts and the reimbursement of Accounts for obsolete stores. (An explanation is provided in Supplementary Estimates.)
- D. Four votes which amend provisions of previous Appropriation Acts. (Additional explanations are provided in Appendix II.)
- E. Two other votes which authorize:
  - the payment of commissions; and
  - the guarantee of loans.
 (Additional explanations are provided in Appendix II.)

Estimates Division  
Treasury Board  
November 14, 1979

## APPENDIX I

## List of \$1 Votes in Supplementary Estimates (B), 1979-80

Page	Department or Agency	Vote	Categories				
			A	B	C	D	E
8	Agriculture	1b	x				
10		15b	*				x
20	Communications—Canadian Radio-television and Telecommunications Commission	15b			x		
24	Energy, Mines and Resources	45b	x				
30	External Affairs	10b	*	x			
32		20b	x				
34	—Canadian International Development Agency	30b		x			
44	Industry, Trade and Commerce	6b					x
54	National Health and Welfare	10b		*	*	x	
58	National Revenue—Customs and Excise	1b			x		
60	—Taxation	5b			x		
68	Public Works	10b			x		
74	Regional Economic Expansion	1b			x		
74		L16b				x	
78	Science and Technology						
	—National Research Council	15b	*			x	
82	Secretary of State	45b	*	x			
92	Solicitor General	5b		*	x		
94	Supply and Services	5b				x	
96	Transport	5b	x				
108	Veterans Affairs	1b			x		

larger Health and Social Services Vote this authority is no longer required to ensure full utilization.

*Regional Economic Expansion*

*Vote L16b*—To amend the existing authority of the Prairie Farm Rehabilitation Administration Working Capital Advance Account to finance expenses in respect of the South Saskatchewan River Project.

*Explanation*—The Working Capital Advance Account was established in 1974-75 through Estimates to:

(a) authorize advances made for the purposes of financing the recoverable portions of the costs of projects constructed by the Department on behalf of a province or a municipality and

(b) credit amounts repaid by a province or a municipality in respect of advances made for recoverable projects under paragraph (a).

This authority does not permit the financing and recovery of operating and maintenance expenses. Authority is therefore requested to permit the charging of operating and maintenance expenses incurred in respect of the South Saskatchewan River Project and the crediting to the account of any monies recovered from the Province of Saskatchewan on behalf of the Project. The amount outstanding at any time remains unchanged at \$1.5 million.

*Science and Technology—National Research Council*

*Vote 15b*—To increase the commitment limit by \$600,000 for assistance toward research in Industry.

*Explanation*—Due to delays in placing research contracts, the Council over-commits in order to utilize funds provided for research purposes under the Industrial Research Assistance Program (IRAP).

This proposal would increase the commitment limit from \$22.6 million to \$23.2 million to correspond to the increase in funding from \$19.2 million to \$19.7 million, which is being financed by a transfer from Vote 5.

## APPENDIX II

## ADDITIONAL EXPLANATIONS

## CATEGORY D

*National Health and Welfare*

*Vote 10b*—To authorize the deletion of the 7% over-commitment authority.

*Explanation*—The 7% over-commitment authority was established initially to provide for the utilization of the Health Care Vote to its maximum. With the 1979-80 consolidation of the Health and Social Services Program and the inclusion of these grants and contributions within the

*Supply and Services*

*Vote 5b*—To increase by \$300,000 the limit of subsidization to the Supply Revolving Fund.

*Explanation*—Authority is requested to increase the limit of subsidization from \$1,925,000 to \$2,225,000 to meet the additional requirement for the cost of free and subsidized federal publications.

The 1978-79 limit of \$3,925,000 was reduced in 1979-80 to \$1,925,000 because of restraint. This proposal would restore part of the reduction and is being made in view of the representations from municipal and university library associations that their freedom of access to federal publications was being impaired.



## ADDITIONAL EXPLANATIONS

## CATEGORY E

*Agriculture*

*Vote 15b*—To authorize the payment of commissions for services provided pursuant to the Western Grain Stabilization Act.

*Explanation*—The Department has had annual authority since 1977-78 for the payment of a commission to private grain elevator operators for *collecting levies* from participating grain producers under the *Western Grain Stabilization Act*. Under regulations issued pursuant to this Act, elevator operators are also required to provide certain services,

mainly statistical, to the federal government. This item would permit payment of commissions for these *services*.

*Industry, Trade and Commerce*

*Vote 6b*—To guarantee loans of up to \$150 million made by private institutions to Canadair Limited.

*Explanation*—Authority is requested to permit the Minister to guarantee bank loans of up to \$150 million made to Canadair Limited to finance the development and production of the Challenger aircraft and for other general obligations.

A similar guarantee of \$50 million to finance the production of the Lear Star was authorized in Supplementary Estimates (B), 1976-77.

## THE SENATE

Tuesday, December 4, 1979

The Senate met at 8 p.m., the Speaker in the Chair.  
Prayers.

### FEDERAL DISTRICT COMMISSION BILL

#### COMMONS MESSAGE

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons returning Bill S-10, to confirm the authority of the Federal District Commission to have acquired certain lands, and acquainting the Senate that they had passed the bill without amendment.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Report of the Superintendent of Insurance for Canada, Volume I, Abstract of Statements of Insurance Companies in Canada, for the year ended December 31, 1978, pursuant to section 8 of the *Department of Insurance Act*, Chapter I-17, R.S.C., 1970.

Copies of letter from the Prime Minister of Canada to the deputy heads of government departments and agencies, dated November 23, 1979, concerning policy guidelines for public servants communicating with the public.

Report of the Minister of Finance respecting Olympic coins for the period ending September 30, 1979, pursuant to sections 13(1) and 13(3) of the *Olympic (1976) Act*, Chapter 31, Statutes of Canada, 1973-74.

Report on the administration of the *Public Service Superannuation Act*, for the fiscal year ended March 31, 1978, pursuant to sections 36 and 49 of the said Act, Chapter P-36, R.S.C., 1970.

Report on the administration of the *Supplementary Retirement Benefits Act*, for the fiscal year ended March 31, 1978, pursuant to section 11 of the said Act, Chapter 43 (1st Supplement), R.S.C., 1970.

### AGRICULTURE

#### COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Roblin**, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Agriculture have power to sit at four o'clock in the afternoon tomorrow, Wednesday, December 5, 1979, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to.

● (2010)

## QUESTION PERIOD

[English]

### TRANSPORT

#### VANCOUVER HARBOUR—GRAIN SHIPMENTS—RESTORATION OF RAIL SERVICE TO NORTH SHORE

**Senator Perrault:** Honourable senators, my question is for the Minister of Industry, Trade and Commerce. It relates to the movement of grain and other commodities through the great port of Vancouver.

As we all know, port activity at Vancouver has been hampered by a marine accident which occurred earlier this fall. The Second Narrows Bridges industrial span was struck by a ship, and this accident cut off rail access to the north shore of Vancouver harbour.

I wonder whether the minister can report on the status of the bridge repair work at the present moment, and say when we can expect to see a restoration of the full, normal rail service in the area?

**Senator de Cotret:** I shall have to take that question as notice. I should be happy to report back on the exact progress of the repair work. However, I just do not have the information at hand.

#### VANCOUVER HARBOUR—ALTERNATIVE MEANS OF MOVING GRAIN TO NORTH SHORE

**Senator Perrault:** The minister may have this information available at his desk, but may I ask in a supplementary way what arrangements have been made to be certain that a vital product such as grain has been receiving its fair share of the traffic space made available by alternative means, such as via British Columbia Rail to the north shore, or by barge movement across the harbour, while the repair work is going on? Can the minister provide us with specific figures to show the respective volumes of commodity traffic going across to the north shore during the period that this bridge has been out of operation?

**Senator de Cotret:** I should be happy to obtain the information for Senator Perrault. Of course, I do not have it at my fingertips.



## THUNDER BAY—PORT FACILITIES FOR GRAIN SHIPMENTS

**Senator Perrault:** May I ask a further supplementary question dealing with the port facilities at Thunder Bay.

With the close of the navigation season on the Seaway, I should like to know what arrangements the government has made to ensure that there will be an early reopening of Seaway grain movement in the spring of 1980 to help catch up on the backlog, which I understand exists.

For instance, has the government made the usual arrangements to winter an icebreaker at Thunder Bay so that that port can begin to function even before the spring thaw clears the ice?

There have been disturbing reports that an icebreaker may not be stationed for the winter at Thunder Bay. If that is true, could the minister explain why the government seemingly has neglected this vital stage?

**Senator de Cotret:** Honourable senators, I can assure you that we have certainly not neglected any realistic possibility of moving our grain to market. Of that I can give you an assurance tonight. In terms of the specifics of your question, I shall be happy to take it up with my colleague, the Minister of Transport, and provide you with the details.

**Senator Steuart:** He is not doing a very good job.

**Senator de Cotret:** I would be happy to answer that question, if you care to put it. I think he has been doing an excellent job, as have all my colleagues in government.

However, I shall be happy to obtain the specific details and provide you with them, Senator Perrault.

## GRAIN

## FOREIGN SALES OBJECTIVE

**Senator Olson:** Honourable senators, the target of a 20 per cent increase in grain exports over last year now appears to be unattainable; at least the Chief Commissioner of the Canadian Wheat Board has stated that.

Can the minister give us an indication of any new or revised programs that may get us closer to that objective, which is really quite low in relation to previous years?

**Senator de Cotret:** I shall be very happy to provide Senator Olson with our latest forecast as to the total level at the earliest possible time.

TRANSPORT CO-ORDINATOR—MEASURES TO EASE  
TRANSPORTATION DIFFICULTIES

**Senator Olson:** Has the new grain transport co-ordinator, Mr. Horner, taken any steps to alleviate some of the bottlenecks along the way, and if so, could the minister advise us tonight, or give us a report later, as to what he has done to try to unravel this transportation problem?

**Senator de Cotret:** There is certainly a lot of unravelling to do. I shall be happy to obtain a report for the honourable senator at the earliest possible time.

● (2015)

INTERIM PAYMENTS BY CANADIAN WHEAT BOARD ON  
CURRENT CROP—INCOME TAX BURDEN ON PRAIRIE WHEAT  
FARMERS

**Senator Argue:** Honourable senators, I should like to direct a question to the Minister of Industry, Trade and Commerce. It is by way of follow-up to a question I asked last week.

Will action be taken by the government to ensure that those wheat producers who deferred their initial payments for wheat delivered in this calendar year until 1980 will, in fact, be able to defer the interim payments which are now being made?

It seems clear that there was an understanding between the producers on the one hand, and the Canadian Wheat Board and the government on the other, that they in fact would be able to defer those payments. While the action taken by the Canadian Wheat Board to provide for interim payments will be welcomed by the great majority, it will mean much higher taxes for those individuals who deferred their initial payments. I understand that interim payments amounting to something like \$50 million could be involved.

Can the minister now reply to that question?

**Senator de Cotret:** I indicated last week that I would communicate with my colleague, the Minister of National Revenue, to determine the exact status of this situation, and I did in fact communicate with him. I had intended to reply to that question later on this evening.

In the matter of interim payments to farmers which the Canadian Wheat Board proposes to make before the end of the year, the Income Tax Act is quite clear, stating that income is taxable in the fiscal period in which it is received. Therefore, the wheat board payments will constitute income to the recipients when received. Where a farmer's fiscal period ends before 1980, the payment will be included in income for the 1979 taxation year. There is no provision available to defer the payment to a fiscal period subsequent to that in which it is received, and the mere postponing of the encashment of a cheque would not delay the date of receipt.

I have brought this matter to the attention of the minister responsible and, in his reply to me he explains the position of his department. This is a matter that I will be taking up with him at the earliest opportunity to see what, if anything, can be done.

**Senator Argue:** I appreciate the minister's answer. I must say, I am disappointed to hear that the law is as he spells it out. Is the minister telling us now that he will make representations that whatever action is necessary to alter the law be taken so that these producers will not be subjected to onerous income tax obligations—a situation over which they have had no control, although they were endeavouring to manage their businesses according to the law as they understood it?

**Senator de Cotret:** I am willing to enter into further discussions with my colleagues, the Minister of National Revenue and the minister responsible for the Canadian Wheat Board, to

determine what, if anything, can or should be done in this situation.

### AGRICULTURE

#### WESTERN GRAIN STABILIZATION ACT

**Senator Steuart:** Honourable senators, I should like to direct a question to the Minister of Industry, Trade and Commerce. Some 10 days ago I asked the minister a question regarding this government's intentions with respect to the Western Grain Stabilization Act. In spite of the fact that this involves a multimillion dollar program, the minister was not aware of it. He did say he would look into it, and he was kind enough to inform the chamber last week that the Progressive Conservative government intends to keep the Western Grain Stabilization Act in place. My question this evening is: Why?

**Senator de Cotret:** Obviously, because it is a good program.

**Senator Steuart:** That is an amazing answer. I am very pleased to hear it.

My supplementary question is: When did the conversion take place?

By way of background to that question, I will remind honourable senators that from 1970 to 1976 the Progressive Conservative Party, joined by the NDP, blocked, voted against, and did everything they could to oppose this very forward-looking plan for western grain producers. Finally, over their strong objections, it was brought in by the Liberal government. The Progressive Conservative Party then went out on the hustings and said they would get rid of all programs that they did not care for. Yet they tell us now that they have found this program to be such an excellent program that they are proposing to keep it and maintain it without change.

**Senator de Cotret:** If the honourable senator would like to engage in a debate on the economic policies over the period 1970 to 1976, I would be more than happy to do so.

**Senator Perrault:** Let's have a debate.

**Senator de Cotret:** I would be more than happy to do so. I would welcome such a debate.

**Senator Steuart:** I would like an answer to my question.

● (2020)

**Senator de Cotret:** But I have trouble understanding questions while I am in the process of answering questions already asked. I have said that if you want to go back to 1970, 1972, 1974 in particular, and 1976, I would be happy to debate the economic policies of the day. I am just saying that we are now living in 1979. We are entering the decade of the 1980s, and I have no apologies to make whatsoever for the economic policies that our government is pursuing at the moment.

**Senator Steuart:** A final supplementary, honourable senator. I would be quite prepared to debate the economic policies.

**Senator Flynn:** Question!

**Senator Steuart:** I would be quite prepared to debate them with you two if you would care to slump up or stand up or speak up.

[Senator de Cotret.]

**Senator Flynn:** I will, if you resume your seat.

**Senator Steuart:** You have trouble understanding me. You should know the trouble I have understanding you even when you are speaking up.

My final question is this: In view of the fact he did state several weeks ago that he recognized that the movement of grain was one of the major keys to the economic performance of this nation, would the minister please make himself a little more familiar with the whole question of the movement and sale of grain so that he can answer questions in the house when they are put to him. Tonight we have had three or four questions and he has not been able to answer any one of them. I do not need a debate on economic questions. All we want is that the minister should answer the questions for which he and his department are responsible.

**Senator Smith (Colchester):** Why don't you try asking one?

**Senator de Cotret:** I am more than happy to answer questions. As one who has always sought knowledge, I shall make a commitment, honourable senators, to learn as much as possible about all areas of concern to this house. I have always tried to do so.

But when in your preamble you raise a long and gusty allegation about positions back in the early seventies, I am willing to talk about those too. I would be happy to discuss the record of the last six months and compare it to the record of the previous six months. It might be quite enlightening.

I shall be happy to answer all the questions put by the honourable senator, and to do so with the shortest delay possible. I would like to reaffirm the commitment of our government to move that grain to market. It is a major preoccupation with us, realizing, and I am not being partisan, the sad state of affairs when we took office. We have already made some positive announcements in that area and we will make some more.

### TRANSPORT

#### PRINCE RUPERT—CONSTRUCTION OF NEW GRAIN TERMINAL

**Senator McDonald:** Honourable senators, I should like to direct a question to the Minister of Industry, Trade and Commerce on the same subject matter. It relates to the movement of one of Canada's major exports, namely, western Canadian grain. Earlier this year, honourable senators will recall, the present administration made much of the negotiations with respect to the building of a new terminal at Prince Rupert. There had been some criticism of the previous administration because of delays in the construction of this terminal. The previous administration had been insisting that a location could be found on Ridley Island in Prince Rupert Harbour. A moment ago the minister said that his government would not neglect any moves to speed up the export of Canadian grains. But what happened when the new administration came into office—and I say this without any rancour—

**Senator Flynn:** Ask the question.

**Senator McDonald:** Just be patient.

**Senator Flynn:** Yes, but you are making a speech.



**Senator McDonald:** The first thing that happened was that they set up a study group to examine—

**Senator Perrault:** To monitor.

**Senator McDonald:** —to examine whether the location on Ridley Island was the proper location. After several months—

**Senator Flynn:** Question!

**Senator McDonald:** After several months the study group came back—and this was just a few days ago—recommending that the terminal should be built exactly where the previous government had contemplated building it.

I should like to ask the minister what steps the government is planning to take to expedite the work with respect to the construction of that new terminal elevator in Prince Rupert.

**Senator de Cotret:** As the honourable senator knows, we are committed to the elevator. I do not think that it was at all improper of the government to have put in question the site selection. In fact, I think it was responsible on the part of the new government to do so. There were a number of issues at that time that we felt required clarification. We have that clarification and I can assure the honourable senator that we will move expeditiously in the fulfilment of our commitment to that particular facility.

**Senator McDonald:** I have a supplementary. As I am sure the minister is aware, one of the problems with respect to Prince Rupert is the fact that the Canadian Pacific does not have access over its own rail lines to that port. What action is the present administration taking with respect to bringing Canadian Pacific and Canadian National together to work out an agreement by which those areas of the prairies that are served only by CP Rail will have access to the new port?

As a second supplementary: Are discussions now taking place with respect to the possibility of moving prairie grain over present CPR lines and CN lines into the old facilities, quite apart from the new facilities?

**Senator de Cotret:** I will be happy to take both questions as notice and provide the answers as soon as possible.

## THE CABINET

### MINISTERIAL RESPONSIBILITY IN THE SENATE

**Senator Everett:** Honourable senators, in connection with the willingness on the part of the Minister of State for Economic Development to answer questions promptly, may I point out that I asked him a question on October 10 regarding the cabinet committee on economic development. At that time he said, and I quote:

—I will be happy to give a more detailed description, in writing, of the role of the committee, the role of the chairman, and the role of the Minister of State, and I shall endeavour to do that in the very near future.

My question for the minister is: What is his definition of “the very near future”?

**Senator de Cotret:** “The very near future” I would define as being “as soon as possible.”

**Some Hon. Senators:** Oh, oh.

**Senator de Cotret:** No, no. I will make a further commitment, because I think that is a fair question on the part of the honourable senator. I will endeavour to provide that information before the end of the week.

**Senator Perrault:** Pretty soon it will be in the realm of historical data.

[Translation]

## SUPPLY AND SERVICES

### CONSTRUCTION OF ICEBREAKER—AWARD OF CONTRACT

**Senator Marchand:** Honourable senators, a few weeks ago I asked the Honourable Leader of the Government what were the reasons behind the fact that the building contract for an icebreaker had been awarded to someone other than the Lauzon shipyard. He had promised at that time to try and get additional information to justify the government's decision. I do not know whether the honourable minister has had time to get the information I had requested at that time.

**Senator Flynn:** Yes, I did get some. However I would say that time really flies for the Honourable Senator Marchand. He said that was a few weeks ago. He put his question on November 29 last week. So I believe this is the first opportunity I have had to inform him. I must say to him that I had mentioned at that time I did not know anything about the icebreaker, as such. I was thinking about other contracts.

So, about the icebreaker, I inquired and was told that the contract for the building of an icebreaker to replace the *d'Iberville* has not yet been awarded, but the process of approval is in motion.

However, I would like to say to him that applications and tenders were received from six shipbuilding yards in Canada, including the Davie shipyard in Lauzon, Port Weller in Ontario, and Saint John. Four tenders qualified. Now, because the contract has not been awarded, I cannot disclose the amount of every tender because that is competitive information. When the contract is awarded, of course, all those figures will be known.

I note, after reading *Hansard* of last Thursday, that Senator Marchand asked his question that day. It is true that weekends can seem longer in certain cases than others.

**Senator Lamontagne:** We are kept waiting.

**Senator Flynn:** You are not kept waiting. That was the last time we sat and I am giving you my answer tonight. You cannot ask for much better than that!

**Senator Marchand:** You are in a hurry to answer.

**Senator Flynn:** Yes, I know. But I mentioned in that answer that the spread between the prices tendered was not very great. I believe I meant to say the opposite as it was quite obvious I was not talking about the icebreaker, but another contract.

In any case, I might add that I am discussing all possibilities with the minister depending on the decision that will be made about the icebreaker. Once again, it has not yet been made. I believe it is the policy of the government—it is similar to the policy of the former government, even if I am reported as saying the contrary at page 461—to take economic factors into consideration, like the fact that there is unemployment in some places. This spreads as much as possible the contracts to ensure the viability of shipbuilding yards in Canada which is very important.

**Senator Marchand:** I have a supplementary. I am happy to hear the Honourable Leader of the Opposition say that he made a mistake. In that case, perhaps I made a mistake also.

**Senator Flynn:** If you are talking about mistakes, you are obviously talking about the Leader of the Opposition and that does not concern me!

**Senator Marchand:** No. I was simply talking about a mistake. I am quite moved by your attitude. You will therefore excuse a mistake of a few days in the date of my last question. I would like the minister to tell us whether, in addition to considering the financial and the social factors, the government will also take into account the factor of expertise in the building of the icebreaker.

**Senator Flynn:** Undoubtedly. I believe that all the shipyards who have submitted tenders for the icebreaker have a lot of expertise. The question is rather difficult because I would not want to say, for instance, that the Davie shipyard is better than that of Saint John or any other one. Some are more specialized in certain types of shipbuilding than others.

However, it is rather difficult to say that the Davie shipyard, for instance, is the best in the country for any type of shipbuilding.

On the other hand, according to certain unconfirmed reports that I received today, I believe that the shipyard will be able to provide jobs for a good number of employees this winter.

● (2030)

[English]

## TRANSPORT

### MURTA REPORT

**Senator Guay:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. In view of the interest of Manitoba and western Canada in the outcome of the Murta report on transportation I am sure the minister is familiar with that report—I would ask the minister if he has had a chance to study this document, and, if so, can he now report on it to the Senate?

**Senator Flynn:** Can he report on the report?

**Senator de Cotret:** I can assure the honourable senator that I am well aware of the Murta report and of the work that has been done by some of our caucus colleagues on the matter. Should it be appropriate I will be more than happy to make comments on it at a later date.

[Senator Flynn.]

**Senator Guay:** I hope that this will not take too long, and I hope also that the honourable minister is studying the intent of the government in connection with this report. Am I right in thinking that his answer means that he wants time to look over the report once again, and that he will be reporting to this house on it later?

**Senator de Cotret:** To the extent that that is appropriate, yes.

[Translation]

## SUPPLY AND SERVICES

### CONSTRUCTION OF ICEBREAKER—AWARD OF CONTRACT

**Senator Lamontagne:** Honourable senators, I have a supplementary question for the Leader of the Government which follows up on the question put by Senator Marchand. How can he explain, since the contract for the icebreaker has not yet been awarded, how can he explain the grievances voiced rather violently by Quebec Economic Development Minister Landry and Premier René Lévesque because the contract has been awarded to an Ontario shipyard?

**Senator Flynn:** The only thing I can say is that they are wrong once more. In any case, they are always looking for grievances. It is a chronic thing with them.

## FISHERIES

### RESTRICTION ON TRAWLER FISHING IN GULF OF ST. LAWRENCE

**Senator Marchand:** This time I hope I will not make a mistake on the number of days, but a few weeks ago I put a question to the Honourable Leader of the Government about fishing boats 100 feet and over which last August had been given authorization to enter the Gulf of St. Lawrence. Coming here tonight, I was listening to a radio open line program where a fisherman from the Gaspé area was talking with the Honourable Mr. La Salle. Mr. La Salle said he was surprised to learn there was a problem. He promised to take it up seriously with his colleague, the Honourable Mr. McGrath. So I assumed he had not heard about it in cabinet. Perhaps the Leader of the Opposition has received additional information. Could he give us that additional information?

**Senator Flynn:** Once again Senator Marchand cannot forget—he keeps calling me the Leader of the Opposition. In fact, that was not a bad role—perhaps it suited me better than that of Leader of the Government.

In any case, I do not know, perhaps Senator Marchand was not here when I answered his question about the 100-foot trawlers which were allowed to fish in the Gulf of St. Lawrence, but only for this year. I do not know whether other decisions have been made about that. Possibly the Minister of Supply and Services was not aware of it because nobody is aware of everything, not even Senator Denis, who is one of the deans of Parliament. Of course, there are a lot of things he does not know—he often talks through his hat.

**Senator Denis:** Particularly you.



**Senator Flynn:** In any case, the problem raised by Senator Marchand is one I had already dealt with. There is nothing new in that respect. The complaints are continuing. They are the same as before about that situation. It is a temporary problem. The authorization has not been renewed as far as I know.

However, I will enquire in case there are new developments. I am sure the question to which Senator Marchand is making reference includes the situation about which I already informed him.

**Senator Denis:** As I said earlier, it is mainly you because you talk more often than I do.

**Senator Marchand:** I have a supplementary for the Leader of the Government. When you say that authorization has not been renewed, do you mean that it no longer exists?

**Senator Flynn:** The authorization was for fishing during this year's season. Perhaps Senator Denis could consult his neighbour, Senator Langlois, since Senator Denis knows much more about fishing in the Gulf of St. Lawrence than he does. In any event, it was for this season. I do not really have any more information.

**Senator Marchand:** You also know about this subject.

**Senator Flynn:** Of course. However, there are subjects that I do not know, but not in the same area, thank goodness!

**Senator Denis:** That is a sign of a good Minister of Justice.

**Senator Flynn:** Senator Denis speaks so well when he is sitting down! However, he speaks nonsense when he rises.

**Senator Denis:** I can rise if you like.

**Senator Flynn:** You always speak nonsense when you do so.

**Senator Denis:** You, on the other hand, laugh at your own jokes.

**Senator Flynn:** I much prefer to laugh at my own jokes than at yours because they are much funnier.

**Senator Denis:** No, no.

**Senator Flynn:** In that case, you should simply laugh and keep quiet!

**Senator Denis:** You are very funny!

**Senator Thériault:** Honourable senators, I have a supplementary for the Leader of the Government in the Senate. In view of the question asked by Senator Marchand, would he enquire when trawlers over 100 feet were allowed to fish in the Gulf of St. Lawrence because the Minister of Fisheries and Oceans, Mr. McGrath, announced at the time that catches would be limited to 6,000 metric tons. According to the reports sent to us from the St. Lawrence River, these quotas have already been exceeded and fishing is still going on. Will the Leader of the Government enquire from his colleague whether the quotas have been reached?

**Senator Flynn:** I shall certainly ask him. I shall also ask him whether they have been exceeded. In that case, sanctions should probably be imposed.

**Senator Denis:** You have forgotten to speak about me. You always do so when you make speeches. In this case, you have forgotten.

**Senator Flynn:** But I am not forgetting anything when I forget to talk about you.

**Senator Denis:** You had better be careful.

● (2040)

[English]

**Senator Thériault:** Honourable senators, I have a supplementary question on the subject of fisheries. I wonder if the Leader of the Government is aware that a decision to allow trawlers to fish in the Gulf was cancelled three years ago, and that now that decision has been reversed.

#### ATLANTIC SALMON FISHERY—TERMINATION OF COMPENSATION

**Senator Thériault:** Honourable senators, I feel that my next question should be directed to the Minister of Fisheries and Oceans. It pertains to a statement made by him last Thursday—not in the House of Commons—regarding the Atlantic salmon fishery. He made a statement, of which I have a copy here—I will not bother anyone by quoting it in full—in the course of which he stated that he had no policy in this regard. However, I feel that one line of the statement is perhaps worth quoting, and it is:

—compensation payments to fishermen will be terminated in the current fiscal year.

To a large number of fishermen the right to fish for salmon, which had existed for 100 years or more, was taken away by the institution of a program in 1972. At that time the minister responsible for Fisheries met with the fishermen and told them that as long as this policy prevented them from fishing, the Government of Canada would compensate them.

**Senator Donahoe:** For how long?

**Senator Thériault:** New Brunswick is still a part of Canada.

**Senator Perrault:** Hear, hear.

**Senator Thériault:** We know that we cannot build cars or ships; nonetheless, New Brunswick fishermen are still Canadians, and yet without discussion with the fishermen the minister made this statement.

**Senator Muir:** Question!

**Senator Macquarrie:** Question!

**Senator Thériault:** Will the Leader of the Government please ask his colleague, the Minister of Fisheries and Oceans if, in fact, his decision is final, or if this matter is still open for discussion?

**Senator Flynn:** After this long speech by the honourable senator, perhaps I should ask for leave to adjourn the debate.

**An Hon. Senator:** I second the motion.

**Senator Flynn:** The Minister of Fisheries and Oceans stated on Friday that, as far as the compensation program was

concerned, it had already been decided that this would be the last year it would be in place. As I understand it, this is not a decision of the present government.

**Senator Olson:** You do not understand it.

**Senator Flynn:** With reference to the statement made by the minister, I must say that I am not a fishing expert, but I am not going on a fishing expedition, as some honourable senators are in their questions.

**Senator Perrault:** We are just getting flounders back.

**Senator Smith (Colchester):** I think we have a salmon over there.

**Senator Flynn:** I would merely ask the honourable senator to refer to page 1883 of the House of Commons *Hansard* of last Friday where a question was asked with regard to compensation programs for fishermen. I feel that on a question as technical as this one I can only refer to the reply of the minister. If the honourable senator is not entirely satisfied with the answer, I will undertake to provide whatever additional information he may desire.

### FOREIGN AFFAIRS

#### IRAN—INTERNATIONAL CRISIS—CANADIAN BOYCOTT MEASURES—SPEECH OF CANADIAN AMBASSADOR TO UNITED NATIONS

**Senator Haidasz:** I should like to direct a question to the government leader. Can he inform this chamber as to the nature of any boycott measures which the Government of Canada has instituted against, or is planning to institute against, the Government of Iran?

**Senator Flynn:** I do not know of any. I know that some suggestion was made by the Leader of the Opposition in the other place that we should stop purchasing oil from Iran; and the Prime Minister replied that the government was not contemplating such action, but would consider it on the suggestion of the Leader of the Opposition. I might say that a task force of officials from four departments—

● (2050)

**Senator Lamontagne:** Another one?

**Senator Flynn:** Why not? What would you suggest?

**Senator Olson:** Some decision.

**Senator Flynn:** What kind of decision? You are asking what we are doing and I am trying to explain what we are doing.

**Senator Perrault:** Do you want to tell us? You are the government.

**Senator Flynn:** Thank God we are the government. Some of these suggestions contained in so-called questions would really put us in a very difficult position internationally.

**Senator Lamontagne:** Government by task force.

**Senator Flynn:** There have been some suggestions that we should declare war on Iran. There is now an implied sugges-

[Senator Flynn.]

tion that we put an embargo on oil. Last week Senator Denis wanted us to get out of every Islamic country and just take refuge in the woods.

**Senator Denis:** I might be right.

**Senator Perrault:** Do you want to move the embassy?

**Senator Denis:** I could be right just as much as you could be yourself.

**Senator Flynn:** What do you want? Do you want an answer or do you want a debate?

**Senator McElman:** A decision.

**Senator Flynn:** I was trying to explain that a task force of officials from four departments—External Affairs, National Defence, Employment and Immigration and Industry, Trade and Commerce—has met regularly since November 22 to keep Canadian policy on the Iranian situation under review. Its work has focused on two aspects of this crisis, namely, planning and co-ordinating our diplomatic efforts, and, of course, our own contingency planning with regard to the safety of Canadians in Iran. The government as a whole, and the task force in particular, are looking at all aspects of Canada's relations with Iran, and I am sure that many other countries are doing likewise.

The Prime Minister has indicated that Canada is concentrating on the means to bring the force of international opinion to bear even more strongly on Iran with a view to securing the earliest possible release of the hostages. We have done so through the United Nations, the Commonwealth, and francophone nations. When we act in this situation we act in a way that is designed to have influence on the authorities in Iran. As the Prime Minister clearly said yesterday, this is not a matter where the desire for domestic publicity should be allowed to interfere with the effectiveness of international action.

Furthermore, I have here the text of the speech of our ambassador to the United Nations in the Security Council, which I would gladly table for the information of honourable senators, unless they wish to have it appended to today's *Hansard*. It seems to me that the position taken by Canada is in conformity with prudence, and is in line with the position taken by all the other countries that have been involved, especially in the Security Council at New York. I think that we have proceeded in the best way. While it is very easy to make suggestions of all kinds, I suggest we should always be as wise and as effective as possible.

**The Hon. the Speaker:** It is the suggestion of the Honourable Leader of the Government that this document be tabled or appended to today's *Hansard*.

**Senator McIlraith:** Is it the speech of our ambassador at the United Nations?

**Senator Flynn:** Yes, our ambassador.

**Senator McIlraith:** It should be appended to *Hansard*.

**Senator Flynn:** It is not very long.



**The Hon. the Speaker:** It is suggested by the Honourable Leader of the Government that this be appended to *Hansard* today. Is that agreed, honourable senators?

**Hon. Senators:** Agreed.

(For text of report see Appendix "A" p. 490.)

[Translation]

## SUPPLY AND SERVICES

### CONSTRUCTION OF ICEBREAKER—AWARD OF CONTRACT

**Senator Langlois:** Honourable senators, I do not intend to extend unduly the Question Period with remarks concerning the call for tenders for an icebreaker. However, I wish to come back to the answer given earlier by the Honourable Leader of the Government to Senator Marchand to the effect that the tender submitted by four Canadian shipyards meet our requirements. Could the honourable senator tell me if the Davie Shipbuilding Company in Lauzon is included in those four shipyards?

**Senator Flynn:** Yes.

**Senator Langlois:** Thank you.

[English]

## FOREIGN AFFAIRS

### IRAN—STATUS OF CANADIAN AID

**Senator Haidasz:** Honourable senators, I have a question that is supplementary to one that I asked on Canada-Iran relations. Two weeks ago I asked the Minister of State responsible for CIDA to give us an up-to-date report of the status of Canada's loans and aid to Iran. Is the government leader prepared to give this answer today or some time later this week?

**Senator de Cotret:** If I may, honourable senator, I can give the following status report on the Export Development Corporation's exposure in Iran as of October 31 of this year. At that time the corporation had loans outstanding of \$127,585,000. It had, in terms of insurance liability, first whole turn-over policies of \$2,124,000, specific policies of \$15,332,000, surety policies of \$3,517,000, and four investment guarantees of \$2,610,000. The total exposure at that time was \$151,168,000. There is an additional \$119 million in loan commitments not disbursed, and for which there is no requirement to disburse. I am also happy to say that all payments due to the date I referred to earlier—and I have no knowledge of any further developments in this respect—from Iranian borrowers have been paid, except for approximately \$300,000, and I am informed by the agency that that does not represent any abnormal delay in loan repayments.

## THE CONSTITUTION

### RECONSTITUTION OF SPECIAL SENATE COMMITTEE

**Senator Bosa:** I have a question for the deputy leader. On October 23 I asked the honourable senator if it was his intention to reconstitute the Special Senate Committee on the Constitution of Canada. He replied that he had had some

discussions with the Deputy Leader of the Opposition on this matter, and that he was awaiting the return of Senator Stanbury, who was on a very important trade mission in the Far East and the Middle East. Now that Senator Stanbury has returned—and we welcome him back—could the deputy leader indicate when and if this committee is going to be reconstituted?

**Senator Roblin:** I am expecting to be able to make an announcement on that very soon, possibly before the end of the week.

## FOREIGN AFFAIRS

### IRAN—LOANS BY CANADIAN CHARTERED BANKS

**Senator Haidasz:** Honourable senators, does the Minister of Industry, Trade and Commerce have any figures of the loans which several Canadian chartered banks have given to the Government of Iran or any of its agencies, and does he know whether the Government of Iran and the agencies of that government have defaulted?

• (2100)

**Senator de Cotret:** I have no specific information to give you respecting private sector exposure in Iran. I have been informed that many private sector institutions, over quite a period of time, have been reducing their loan exposure in Iran, but it is difficult to obtain any specific numbers in that field. I have no such numbers at my disposal, nor have I received any communications regarding defaults. I can only point to the government's exposure in Iran, and say that in the last two weeks of October, for example, \$9 million in payments were due from Iran, and were made by Iran. As of October 31, the only unresolved payment was one of \$300,000, and that has to be compared to the \$9 million of repayments that were made in the ordinary manner. So, generally I think the situation, from a financial point of view, is evolving without any recent disturbing developments.

### IRAN—ASSETS IN CANADA

**Senator Haidasz:** May I ask a supplementary question to clarify this point? Could the minister tell us the total of Iranian assets presently in Canada?

**Senator de Cotret:** I am even hesitant to make a commitment to Senator Haidasz that I will obtain that information. I am not sure that this is something one could get a firm fix on. We might be able to obtain a broad estimate or a range, but I think it would be extremely difficult to obtain a specific number, in terms of assets that Iranians might be holding in Canada at the moment.

**Senator Haidasz:** Since the Government of the United States was able to announce what the total assets of Iran in that country was, can the minister not determine what Iran's assets in Canada are?

**Senator de Cotret:** If Senator Haidasz had cared to follow the United States situation closely, he would no doubt be

aware that, first of all, they were only referring to financial assets and not real assets. I do not think Senator Haidasz, in the question I replied to a few minutes ago, made any distinction between the two.

Secondly, the range that has been advanced in the United States on financial assets alone is a very broad range indeed. There is no firm fix on the exact amount of Iranian financial assets.

There is no question that it is easier to obtain a fix on financial assets, because when funds are deposited in banks, addresses are normally given. However, on non-financial assets, or real assets, it is much more difficult, because they can be held in a number of ways. I would be very surprised if the American authorities had any better fix on that type of asset than we could possibly obtain.

As I said, if you wish a range such as that which the United States authorities seem to be comfortable with in terms of financial assets, I might be able to provide one. However, the range would be very broad. The range in the United States, to the best of my recollection—and I stand to be corrected on this—is anywhere from \$8 billion to \$16 billion. That is a very broad range indeed. I can obtain that sort of number for you, but it is an educated guess at that point.

## SMALL BUSINESSES

### GOVERNMENT POLICY

**Senator Muir:** I will pose my question to whichever minister would like to accept it, or whichever minister answers on behalf of the Minister of Consumer and Corporate Affairs.

I should like to know when officials of the Department of Consumer and Corporate Affairs are going to stop their continual harassment of small business people. For example, a husband-and-wife operation making homemade bread have been told that they must get out of business unless they use bilingual tags, tags noting all ingredients, and tags stating that the product is good before a certain date.

Another example I have is of a business employing five people, which deals in specialty goods. It imports Edinburgh rock, of all things. It is not allowed to sell that product anymore because it does not come in metric weight and does not have bilingual tags. That business imports goods from Ireland, and the same problems arise. If that business is continually harassed by the department, five more people will be out of work.

Yet, in the meantime, I can go downtown and buy rattlesnake meat in cans, chocolate coated ants and grasshoppers—

**Senator Perrault:** You have strange tastes.

**Senator Muir:** They are unusual. These requirements do not apply to those products.

**Senator McElman:** You have a strange diet.

**Senator Muir:** I should like to know why we are putting people out of business and creating more unemployment. In fact, the husband-and-wife team were told that if they did not

[Senator de Cotret.]

cease business they would be charged and taken to court. I should like to ascertain what the government is going to do with regard to small business operations.

**Senator Perrault:** Even your own members are complaining about it.

**Senator McElman:** Adjourn the debate.

**Senator de Cotret:** First of all, I am more than happy to reconfirm our government's commitment to small business in this country.

**Senator Perrault:** They need more than a commitment.

**Senator de Cotret:** Honourable senators will appreciate the fact that small business is the backbone of our industrial structure in this country, and this government has absolutely no intention of doing anything but furthering the interests of small businesses, and furthering more research and development so that more jobs may be created.

Senator Muir has raised a number of specific points dealing with specific cases which are before the Minister of Consumer and Corporate Affairs. I shall be more than happy to bring these cases to the attention of my colleague, if Senator Muir will be good enough to supply me with more details. An answer will be given with full details as to why actions were taken, under what circumstances and what the general policy in cases of that nature is in the Department of Consumer and Corporate Affairs.

## THE ECONOMY

### PURCHASE OF OIL FROM OPEC—CURRENCY OF PAYMENT

**Senator de Cotret:** I have a delayed answer to a question raised by Senator Austin on November 21. The question dealt with the statement that OPEC countries, at the request of the Government of Iran, might ask for payment for oil in a currency other than U.S. dollars.

The answer reads as follows:

While the government is aware of reports to the effect that Iran is considering no longer accepting payment in U.S. dollars, we have as yet received no firm indications that the Iranian authorities have taken such a policy decision.

It is speculation at the moment. The answer goes on to state:

Until it becomes clear that the Iranian Government establishes and implements a policy on this question it is not possible to foresee what specific adjustments might be needed. These could only be decided in the light of any new Iranian requirements and any related payment obligations on Canada.

● (2110)

## CROWN CORPORATIONS

### EXPORT DEVELOPMENT CORPORATION—GUARANTEE OF INVESTMENTS TO THE UNITED STATES

**Senator de Cotret:** Honourable senators, I now have a reply to Senator Haidasz' question of November 27 last respecting a



news release put out by the Export Development Corporation, particularly the inclusion therein of a reference to guarantees of investments in the United States.

The press release in question referred to all of the approvals given by the board of directors of the Export Development Corporation on November 21, 1979. The great bulk of the business involved transactions with loans and related insurance. The United States business referred to in the press release arose from a case where no loan is involved. It was a credits insurance only transaction in which the exporter is covered by a "whole turnover" policy.

Under that type of policy, the exporter insures all of his sales for a year. These sales usually consist of commodities and consumer goods sold on 180-day terms or less, and the policy is renewed annually. In cases such as that, it is the policy of EDC to require that the exporter insure his sales to all buyers in all countries, thus allowing EDC to spread the risk over a much greater range.

In this particular case, the U.S.A. was one of 42 countries named in that exporter's particular policy. The matter came before the board because the exporter expects to increase its sales in the next year beyond the maximum liability previously fixed for that exporter's policy. In fact, a five-fold increase in the liability was considered necessary in this case.

When preparing the press release on such an approval, the EDC does not list all of the 42 countries. It mentions only the major markets. In this case besides the U.S.A., the other major markets for this exporter are Austria, Belgium, Denmark, France, Italy, the Netherlands, and Spain, all of which were mentioned in the press release.

## AGRICULTURE

### POTATO CROP IN EASTERN CANADA

**Senator de Cotret:** Honourable senators, I have a reply to the question raised by Senator Argue relating to the potato crop in eastern Canada. Senator Argue's question was in three parts, the first being whether or not an announcement would be made soon that stabilization payments for the 1978 crop would be forthcoming.

With regard to the potato crop in eastern Canada, stabilization payments in 1978 are under consideration, and a decision is expected before Christmas.

He then asked whether stabilization payments for the 1979 crop would be forthcoming, and the answer to that is that not all of the required information is available, and it is, therefore, not possible to say at this time what action will be taken.

Finally, he asked whether the government will look at the fact that many producers have potatoes rotting in storage because of the particular climatic conditions being experienced this year, and the answer to that is that the situation regarding potatoes rotting in warehouses is under review at the moment as per the request of Senator Argue.

The honourable senator may wish to know that my colleague, the Minister of Agriculture, will be meeting next week

with his counterpart for Prince Edward Island at the Agriculture Outlook Conference, at which time he will be discussing the potato situation.

**Senator Argue:** Did I hear correctly that the federal Minister of Agriculture will be meeting with the Minister of Agriculture for Prince Edward Island?

**Senator de Cotret:** Yes.

**Senator Argue:** This situation is also prevalent in New Brunswick, and I would hope that discussions would also be held with the Honourable Malcolm MacLeod, Minister of Agriculture of New Brunswick.

**Senator de Cotret:** Assuming the New Brunswick minister is present at that conference, I am sure that will be the case. If not, I shall bring to the attention of my colleague that he should also talk to the Minister of Agriculture of New Brunswick.

## YUKON TERRITORY

### GOVERNMENT POLICY ON RESPONSIBLE GOVERNMENT

**Senator Flynn:** Honourable senators, I have been carrying about with me for some time now the response to a question put to me by Senator Lucier on November 22. I have been holding off, waiting until he was in the house before replying. Before I am told I delayed too long, I had better put the reply on the record.

On November 22 last, in response to a question of which Senator Lucier had kindly given me notice, I provided the chamber with some facts concerning Dawson City, Yukon Territory, and its current municipal government situation. I outlined at that time that, at the request of the deputy mayor and on the advice of a previous administrator of the Yukon, after it had become impossible to achieve a quorum at council meetings given the resignation of the mayor, the death of one alderman and the illness of another, an administrator had been appointed for the city. A quorum of three out of the five Dawson City aldermen is required before a meeting can be held.

Senator Lucier challenged that information, suggesting that the action was taken in consultation only with the deputy mayor and not the council and that, in any case, another council meeting was due to have taken place in November at which the alderman who was ill was prepared to be present, if necessary.

I have verified the accuracy of the information which I originally conveyed to the Senate. It is true that the council did meet early in November and agreed to have another meeting. However, there was no quorum at the second meeting, and no hope of achieving a quorum for a meeting held before the end of the year. The alderman who was ill requested that an administrator be appointed, and he was supported in that request by two of the three remaining aldermen and the deputy mayor.

I would once again suggest to Senator Lucier that the Government of the Yukon Territory has acted in the only

fashion possible. It would surely be irresponsible for that government not to have acted, given both the situation in Dawson City at the present time, its historical experience, and the request of four of the five members of the Dawson City Council for such an administrator.

## SAFE CONTAINERS CONVENTION BILL

### THIRD READING—DEBATE ADJOURNED

**Senator Macdonald** moved the third reading of Bill S-5, to implement the International Convention for Safe Containers.

**Senator Haidasz:** Honourable senators, I should like to make an intervention before third reading is given to this bill. In doing so, I want to draw to the attention of honourable senators the testimony given before the Transport and Communications Committee by the officials of the Canadian Transport Commission to the effect that the freeze and cuts imposed on the Commission respecting the hiring of future personnel and the reduction in person-years by 100 requested by the President of the Treasury Board are causing havoc for the Commission in carrying out its mandate, especially as it relates to the inspection of railway services in Canada.

In view of that testimony, I would hope that there would be unanimous consent to the attaching of a recommendation to Bill S-5 requesting that the House of Commons impress upon the President of the Treasury Board the need to review the freeze and cuts that he has imposed on the Canadian Transport Commission, especially in view of the details given to our committee by CTC officials.

• (2120)

**Senator Roblin:** Honourable senators, I must say that with some considerable experience in dealing with third readings of bills, this is the first occasion on which I have ever heard it proposed that—copying what I think is the procedure in the American Senate—we should attach a rider of the sort proposed by my friend who has just spoken. I for one would maintain it is out of order, and, if it were seriously advanced, I would probably ask the Speaker to decide the matter for us. But I think I can probably suggest a way in which my honourable friend, Senator Haidasz, could make his point without necessitating any research of the rules of this house.

We have heard what he has to say. I for one would not be willing to give unanimous consent to his proposal, but if he wishes to have the matter reviewed further by the Senate, he can simply present an inquiry to us, at which time there can be full expression of anyone's point of view on the particular point.

I am merely intervening in this debate to say that I have some reservations about the propriety of what he has suggested. I have no reservations about his right to speak his mind on the subject, and I suggest that if he wishes to do so in a formal way, then it could be dealt with by way of an inquiry.

**The Hon. the Speaker:** Honourable senators, as I did not have any "suggestion" in writing from Senator Haidasz, I am

not quite sure just what is before the Senate at the moment. My understanding was that Senator Haidasz said that he would like to "suggest" that the Commons be advised of a certain attitude of the Senate. Am I correct in that?

Then, perhaps I should read rule 36.(1) which says:

36.(1) When a question is under debate—

Which is the situation at the moment, honourable senators.

—a motion shall not be received unless it is a motion to amend the question, to refer the question to a committee, to adjourn the debate, to postpone the debate to a certain day, for the previous question, or for the adjournment of the Senate.

It seems to me, honourable senators, that none of the conditions described in rule 36 under which a motion can be received is fulfilled by the suggestion made by Senator Haidasz. Therefore, I hope he will understand if I say that I cannot, as I understand it, entertain a motion to that effect on third reading. The suggestion has been made as to how he might accomplish the objective he has in mind. Honourable senators, I hope you will agree that there is no way that I could at the moment entertain a suggestion or a motion as one that I could put properly from the Chair as a question to the Senate.

Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** If Senator Haidasz would like to speak to that, I would, of course, be quite happy to hear him.

**Senator Haidasz:** Honourable senators, I think that in the previous session there was, if not a motion, at least an appeal made to honourable senators by the then Leader of the Opposition in the Senate that we should send along with a bill, after third reading, a recommendation that the House of Commons pay attention to a certain point of view expressed in the Senate. I did not want during the study of Bill S-5 in committee to propose a formal motion, but this was discussed with the chairman of the committee and it was suggested that I should raise the matter again on third reading. I have done this, and if it is the ruling of the Speaker that I present a formal motion, then I would withhold third reading of the bill until tomorrow to give me an opportunity to submit a formal motion to that effect.

**The Hon. the Speaker:** Honourable senators, there is a motion at the moment, moved by the Honourable Senator Macdonald, seconded by the Honourable Senator Roblin, P.C., that this bill be now read a third time. It is a motion, and I have not at the moment put the question.

**Senator Roblin:** Question!

**Senator Smith (Colchester):** Honourable senators, I move that the debate on this motion be now adjourned.

**The Hon. the Speaker:** It is moved by the Honourable Senator Smith (Colchester), seconded by the Honourable Senator Muir, that further debate on the motion for third



reading be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

On motion of Senator Smith (Colchester), debate adjourned.

## THE ESTIMATES

### REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (B)—REPORT ADOPTED

The Senate proceeded to consideration of the Report of the Standing Senate Committee on National Finance on the supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1980, which was presented on Thursday, November 29.

**Senator Everett:** Honourable senators, the report was appended to Thursday's *Hansard* and it is there for honourable senators to read. I do not have anything to add to what is in the report.

**The Hon. the Speaker:** Is it your intention, Senator Everett, to make a motion?

**Senator Everett:** I was coming to that.

**The Hon. the Speaker:** It is the practice to make the motion at the outset.

**Senator Everett:** I move the adoption of the report, on the grounds that I have nothing to add to the report, and on the grounds that I would not make any additional remarks to those that I made on supplementary estimates (A). If other senators wish to debate the question, they are free to do so.

Motion agreed to and report adopted.

## STANDING RULES AND ORDERS

### SECOND REPORT OF COMMITTEE ADOPTED

The Senate resumed from Tuesday, November 27, the debate on the motion of Senator Molson for the adoption of the second report of the Standing Committee on Standing Rules and Orders.

**Senator Roblin:** Honourable senators, with leave I should like to yield to the Honourable Senator Smith (Colchester).

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Smith (Colchester):** Honourable senators, I shall not detain you long on this matter. There are, however, one or two things that I should like to say. I should like first just to refresh our memories on how this matter arose. It will be recalled that a question was raised as to whether under rule 104 it is proper for members of the Senate who are also members of the government to attend, voluntarily or otherwise, before committees of the other place to give evidence. A discussion then took place as to whether rule 104 prohibited a voluntary appearance or whether it did not.

• (2130)

As a result of that discussion the matter was referred to our Committee on Standing Rules and Orders. The committee reported briefly and very much to the point on November 22. After referring to the rule and the provision of it to which I have just referred, the committee made the following brief report:

Your Committee recommends that Rule 104 of the Rules of the Senate be amended by adding thereto the following subsection:

(4) In the absence of a message referred to in subsection (1), a senator who so desires may voluntarily appear before any committee of the House of Commons.

In explanation of that report, which I rise to support, the chairman of that committee said that he thought it was not unreasonable that, when a senator of his own free will chose to give evidence before a Commons committee or to appear before a Commons committee, he might be allowed to do so, the point being that he would do so of his own free will.

That is the point of the amendment, as I read the amendment and the remarks of the chairman, with which, again, I say I agree. He and his committee are reporting and recommending to the Senate that the rule be amended so that any senator may of his own free will appear before a committee of the other place, but the effect would also be that no senator can attend before such committee in response to a message from the other place without the leave of the Senate.

It seems to me that that is an eminently sensible arrangement. My support of it, of course, is perhaps a little warmer than it might otherwise be because it is the argument I made in the first place, but my mind has not changed. Therefore I very warmly commend this report to the favourable consideration of the Senate.

**Hon. Senators:** Hear, hear.

**Senator Perrault:** Hear, hear.

**The Hon. the Speaker:** It is moved by the Honourable Senator Molson, seconded by the Honourable Senator Hicks, that this report be now adopted. Is it your pleasure, honourable senators, to adopt the report?

**Hon. Senators:** Agreed.

Motion agreed to and report adopted.

## STANDING RULES AND ORDERS

### FIRST REPORT OF STANDING COMMITTEE—POINT OF CLARIFICATION

**Senator Bosa:** Honourable senators, I would ask that Order No. 10 be allowed to stand, but I wonder if I may have your permission to raise a matter on a point of clarification. I do not know under what rule I could describe the nature of my intervention at this time.

I read Senator Neiman's contribution to the debates on the first report of the Standing Committee on Standing Rules and

Orders by Senator Molson, and I find that Senator Neiman proposed an amendment at the end of her remarks, which is highly contradictory according to my interpretation. I just wonder whether the Senate was not too hasty in adopting that amendment which has now put us into a dilemma. Here is what has happened, and I am quoting from Senator Neiman's remarks:

I am not sure at this point, after some reflection, that I entirely agree with the reasons put forward by Senator Molson, after a very careful study in the Standing Committee on Standing Rules and Orders, for the changes that are being advocated.

**Senator McDonald:** Order!

**Senator Roblin:** What page are you quoting from?

**Senator Bosa:** Page 469 of November 29, 1979.

**Senator McDonald:** That matter has already been passed.

**Senator Bosa:** She said:

At this point I feel that, while the rule does require some improvement, it requires it more in its drafting than in its spirit or the procedures involved.

**Senator Roblin:** I hesitate to interrupt my friend—

**Senator McDonald:** I think the honourable senator is on the wrong subject matter.

**Senator Roblin:** I hesitate—

**The Hon. the Speaker:** Senator McDonald has the floor.

**Senator McDonald:** I gather from Senator Bosa's remarks that he is referring to a motion that we have already passed. Therefore, I think he is out of order.

**Senator Bosa:** Honourable senators, I thought I had made my intervention clear. I thought I had made it clear that I was speaking on a point of clarification of something that the Senate adopted last Thursday, which to me seemed to be improper and inconsistent with what the Senate ought to have done at that time.

**Senator Roblin:** I have listened carefully to my honourable friend and I agree with him that he attempted to bring in a matter which was not germane to the subject before us. I did not like to interrupt him in full flight here, because I thought probably there would be a suitable occasion to deal with the point he is raising. But it is obviously a point of order.

The fact is that the Senate has disposed of that matter and there really is no way that I know of by which the matter can be reconsidered at this stage.

If my honourable friend, Senator Bosa, has a problem with what the Senate did, he has an easy solution. He can attend the meeting of the committee which is going to reconsider this matter, and where there will be a full opportunity for him, I am sure, whether he is a member of the committee or not, to discuss all aspects of the matter with Senator Neiman or anyone else who wants to talk about it there. I submit that if he has a problem that requires clarification, it should be taken up at the committee meeting when the matter to which he

refers is being discussed. I suggest that any attempt to discuss clarification at this stage is clearly improper.

**Senator Neiman:** Honourable senators, on a point of clarification, may I say that we dealt with this matter as the last item of business last Thursday afternoon, and I did not then have an opportunity to look at my "blues" or at any part of the debate before leaving for the weekend. Just now, while Senator Bosa has been speaking, I have done so and I realize that there was an error in the report of proceedings. I am quoted as having referred to Senator Molson when in fact I was referring to Senator Olson. I would ask that the record be corrected to that extent.

**The Hon. the Speaker:** Honourable senators, on occasions such as this the Chair finds itself in difficulty. Our first rule here is that the Senate is the master of its own proceedings. When Senator Bosa rose, he did not ask for leave. He simply proceeded. No senator rose to object at that time. Eventually Senator McDonald rose on a point of order, which he directed to the Senate, not to the Chair. Senator Roblin, P.C., rose on a point of order which he directed to the Senate, not to the Chair. Therefore, the custom of this chamber being that such points of order shall be decided by the Senate unless they are referred specifically to the Chair for a ruling, I did not intervene. I noticed honourable senators looking at me wondering why I was not intervening at that point. Perhaps I should make it clear at this particular point that that is the custom of the Senate. We had it the other day, when senators were objecting to one senator speaking and it was felt that that senator was out of order. A number of senators, a substantial number, were calling "Order, order, order." assuming that they were addressing the Chair on a point of order.

I should like to make it clear that the position of the Chair is that at the moment, under our custom, I do not intervene unless a point of order is referred directly to me. The assumption is that senators will decide these points of order between themselves unless the point is directed to the Chair, at which time the Chair will then have an obligation to rise and make the best ruling possible or to refer the matter for decision later.

● (2140)

I say that in explanation of what has just happened. I leave it now in the hands of honourable senators. We have now developed a debate, apparently, on a question of clarification, which under our custom can carry on forever unless some senator rises to object, gets the objection sustained by the Senate, or refers it to the Chair. I hope that explanation of the situation meets the approval of honourable senators.

**Senator Smith (Colchester):** I am not sure how one deals with the words of address when one wishes to refer a matter to the Chair, but perhaps one might assume that it might be to Mr. Speaker. I do, Mr. Speaker, with whatever words are necessary, refer this question of order to the Chair. The question which I raise is that the matter spoken to by Senator Bosa is one which, according to the *Hansard* report to which he referred, has been disposed of by the Senate. Consequently,



I believe that it would be out of order to discuss it further at this point.

**The Hon. the Speaker:** Honourable senators, I was just looking through our rules. I think I know them fairly well, but I could not find this specific rule. However, I am quite sure there is a rule that makes it completely out of order to attempt to reverse a decision in any way that has already been made by the Senate. Whether this actually would rule out of order a comment on a matter that has already been decided by the Senate, I am not quite sure.

**Senator McDonald:** He could ask leave to revert.

**The Hon. the Speaker:** The honourable senator suggests that he might ask leave to revert. Again, with leave of the Senate, honourable senators can do almost anything. With leave of the Senate, honourable senators could pass a resolution that henceforth black shall be white. Under our rules, I would have no option but to put the question in that form.

I would suggest, then, in order to resolve this situation, that I reserve my decision on this and perhaps Senator Bosa will reserve his comments until such time as I am able to make a ruling, because I have been asked for a ruling. Is that satisfactory?

**Hon. Senators:** Agreed.

**Senator McElman:** Honourable senators, if His Honour the Speaker would permit, I would say that both *May* and *Beauchesne* are exceedingly clear, that one cannot reflect upon a decision taken by the house. That means conclusively that there can be no further debate upon a decision taken by the house. But, as the Honourable Senator McDonald has properly stated, one can revert to rescind, and, as the Speaker has properly stated, the Senate can change anything, but one cannot reflect upon a decision already taken.

**The Hon. the Speaker:** I thank the Honourable Senator McElman for a very interesting comment. I remember that rule. I have read it many times, and I have often wondered what "reflect upon" means. Sometimes we think of "reflect upon" in the pejorative sense. Does it mean that one cannot think about it? Does "reflect" mean that you cannot say something nice about it, or does "reflect upon it" mean that you cannot pass aspersions upon it? I have never been quite sure what the meaning of that rule is.

Perhaps for the benefit of honourable senators I can read rule 47(2), which says:

An order, resolution, or other decision of the Senate may be rescinded on five days' notice if at least two-thirds of the senators present vote in favour of its rescission.

I am not sure whether Senator Bosa's suggestion was that there should be a rescission of that vote. But I am able to say to him now that if he cares to give five days' notice, we can

vote on a suggestion of rescission of that decision of the Senate.

**Senator Bosa:** Thank you, Mr. Speaker. Before I put the motion, perhaps I should say that I am not dealing with the subject matter. I believe that I should just point out the anomaly of the amendment that was put last Thursday.

**Hon. Senators:** Order.

**Senator Roblin:** I must say, honourable senators, that I find this disagreeable. After all, His Honour has reserved the matter. My honourable friend should not attempt to reopen it until His Honour has given his decision on the matter; otherwise we will be here forever, reopening matters that are now in the hands of the Speaker for decision. So I appeal to my honourable friend to keep his seat on the subject until he hears what the decision of the Speaker is. There may then be an opportunity for him to say more, but not now.

**Senator Bosa:** I apologize, honourable senators. I was under the impression that His Honour the Speaker had just asked me to go ahead and express my opinion on the motion. Did I misunderstand His Honour?

**Senator McDonald:** Yes.

**The Hon. the Speaker:** Honourable senators, I suggest we leave the matter overnight and I will discuss it with honourable senators to the best of my ability at the next sitting. I believe that Senator Bosa, when he rose, did say "with leave," or "with permission," there was not a dissenting voice. Therefore Senator Bosa was perfectly entitled, as I understand our rules, to go ahead. I draw that to the attention of honourable senators.

An honourable senator may rise and say "with leave," which is a motion, in effect, to suspend our rules. I could go through a long rigmarole of saying, "Is leave granted, honourable senators?", every time. The tradition of this house is that if a senator rises and says "with leave," it is assumed that he is moving to suspend any rule that might prevent his going ahead as he wishes. I have no authority whatsoever under our rules but to allow an honourable senator, as I understand it, to proceed if he asks for leave and no honourable senator objects.

**Senator Roblin:** Honourable senators, I agree with what His Honour the Speaker says, but when a senator asks for leave, then the house is asked whether leave is granted. I heard no such request made to us. In fact, I heard no request for leave made by the senator who spoke, but I may have missed it. I want to make it clear that had I been asked for leave, I would have declined to give my voice to it.

**The Hon. the Speaker:** I do not want to enter into a debate, but I am most interested in the comment made by the Deputy Leader of the Government. I agree with him entirely. I can assure the house that in future any time a senator rises and says "with leave," I will ask, "Is leave granted?"

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX "A"

*(See p. 483.)*

## FOREIGN AFFAIRS

INTERNATIONAL CRISIS IN IRAN—SPEECH OF CANADIAN  
AMBASSADOR TO UNITED NATIONS

Mr. President, I am grateful to you and the Council for making it possible for me to make a statement on behalf of the Canadian Government concerning this vitally important issue which we are now discussing.

My message reflects the same concerns as have been voiced by many others in the course of this debate. They have already been strongly expressed by my Prime Minister and the Secretary of State for External Affairs. In addition, the Canadian House of Commons has unanimously adopted resolutions indicating the seriousness with which Canadians view the present situation in Iran. Together with other governments represented by diplomatic missions in Tehran, Canada has joined in direct representations to the Government of Iran, and we have associated ourselves with the statement of Commonwealth representatives made on November 27. But it needs to be said again in this chamber to make crystal-clear that Canada, as the next-door neighbour of the United States, shares completely the American sense of outrage at the abandonment by Iran of its solemn obligations under international law to maintain and protect the immunity of accredited diplomats and diplomatic premises.

Canadians recognize, as do all others, that Iran in the past year has been undergoing a particularly difficult political evolutionary process and that there is a strong sentiment that the previous administration should be held accountable for past injustices. But in no way does this give licence for the present government to follow the course of action it is now pursuing.

Iran is a member of the United Nations. Its future welfare is bound up with other members of the international community. It could not live as an island unto itself, even if it wanted to. But if it is to play its proper role as a respected member of this organization, it must adhere to the conventions and obligations which are essential to the conduct for them from Iran. Once the threat to diplomatic personnel and premises has been removed, the international community will be in a position to give consideration to the concerns of the Government of Iran.

Mr. President, it has rightly been pointed out that in this highly dangerous situation it is vital to keep cool heads and not to lose sight of our goal to achieve a peaceful settlement of the dispute. We believe that the United Nations has been contributing to this end through the statements issued by your predecessor as President of the Council and by the President of the General Assembly. We also commend the action of the Secretary General in bringing the matter before the Council in exercise of his responsibilities under Article 99 of the Charter. The wisdom of this action has been demonstrated by the measured and constructive tone of the debate in the Council.

We have seen statements in the press that the U.N. is on trial over its ability to solve this dispute. Of course, that is nonsense. No inter-governmental institution can take on the obligation of individual nations to behave responsibly. But my delegation is convinced that when this crisis is finally resolved, the record will show that the United Nations, through the good offices of the Secretary General and the many mechanisms it offers for the airing of differences, will have made a substantial contribution to peace and to the harmonization of relations between states.



## THE SENATE

Wednesday, December 5, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### THE SENATE

#### POINTS OF ORDER—SPEAKER'S RULING

**The Hon. the Speaker:** Honourable senators, at last night's sitting of the Senate two points of order were referred to me. I undertook to take them under consideration and to report to the Senate in due course. Unfortunately, I have not had a great deal of time to consider the important matters raised in those two points of order, largely because, as honourable senators may be aware, the printed *Debates of the Senate* were not available until well into the lunch hour today. I am told the reason for that is that one of the printing machines was occupied printing the budget papers.

The two points of order were raised in connection with suggestions made by Senator Haidasz and Senator Bosa, and I will deal briefly with each of them only to indicate the general purport of the decisions that I have reached, although I may, because of the importance of the matters raised, deal with them at length later on. The point that was raised by Senator Haidasz's intervention, as honourable senators may remember, was whether the Chair would entertain with leave a suggestion on third reading that a recommendation be added to a message on a bill originating in the Senate and in the course of being sent back to the House of Commons.

Senator Haidasz indicated that there was a precedent, which I have examined very carefully. It is rather interesting that it concerns two of the most distinguished of our senators, namely, Senator Flynn, P.C. and Senator Lapointe—I am glad to say, P.C.

**Hon. Senators:** Hear, hear.

**The Hon. the Speaker:** I am sure we are all honoured, as she is, by this distinguished honour that has come to her.

**Hon. Senators:** Hear, hear.

**The Hon. the Speaker:** I am glad to see that Senator Haidasz is in the chamber. The precedent referred to was November 21, 1978, when Senator Flynn rose on a point of order and said:

When the Senate passes a bill in the form in which it comes to us from the other place but with a recommendation that something be done in respect of that measure, the other place should be so informed. *Hansard* of the other place does not show that they were informed of the Senate's recommendation in respect of Bill C-5. Also, I have been told that they did not hear that part of the

report of the committee. That is a question of fact which Your Honour may verify.

Her Honour took the matter into consideration, and after pointing out that it had not been normal procedure to attach such recommendation on third reading, she reached this conclusion, which was the ruling given to the Senate:

In conclusion, it seems to me that whenever a Commons bill is reported without amendment but with recommendations and/or observations, the Speaker, after third reading, might seek the approval of the Senate to have the recommendations and/or observations included in the message to the Commons. The Senate would then decide and it could be so ordered by the Speaker.

● (1410)

In the course of the discussion on the point of order, objection was taken to the suggestion made by Senator Haidasz by Senator Roblin, P.C. for various reasons; but it would appear on the surface that Senator Haidasz was on very firm ground—indeed, I once thought he was—with one reservation, and that is that in this particular case and in one other (the only other time when this has been done in the recent history of the Senate) those recommendations were made by the committee, and were not individual recommendations being attached at the time of third reading. I would think, therefore, that that should be an essential condition for the attachment of any recommendation; otherwise, of course, a situation would arise in which any senator could rise on third reading and again raise the whole debate that went on in the committee. That would hardly seem to be in keeping with normal practice.

The second ground on which I find the precedents are not fully applicable is that in both cases the bills in question were Commons bills. There appears to me to be a distinction here between the attaching of a recommendation to a bill sent back to the Commons, and to one originating in the Senate, since it would seem to me, if I may short-cut my reasoning, that there is an obligation on the Senate to send a bill originating in the Senate to the Commons whole and entire, and not truncated or qualified.

That is my ruling. I must compliment Senator Haidasz on bringing this matter to the attention of the Senate, because I think it is a very important point, and I trust that he and honourable senators will accept the ruling that I am now bringing before the Senate.

**Senator Smith (Colchester):** I wonder, honourable senators, if I might have leave, without entering into any controversy at all on this matter, to read some of the proceedings at the end of the committee meeting in question, which would perhaps make clear to the Senate that Senator Haidasz did in fact raise

this point at the committee, and that I, as chairman, did make some comment on it at the time. It bears out his suggestion as to what happened there.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

**Senator Smith (Colchester):** Honourable senators, I have before me the unrevised transcript of the meeting of the Standing Senate Committee on Transport and Communications held on Thursday, November 29, 1979, to consider Bill S-5, which is the bill we are now considering. Towards the end of the meeting, after the evidence was completed, Senator Haidasz said, as reported in the unrevised transcript:

**SENATOR HAIDASZ:** I am wondering whether it is advisable for us to send this bill to the House of Commons with a message, as has been done with previous bills. I think we should ask the House of Commons to prevail upon the President of the Treasury Board to ensure that enough person-year resources are made available to the various government agencies, including the Canadian Transport Commission and Transport Canada, so that they will be able to carry out adequately the provisions of this bill for the good of the public and the safe transport of goods.

To that, according to the transcript, I, as chairman, said:

**THE CHAIRMAN:** I think perhaps we should consider whether or not the contents of the bill require amendment or whether we are prepared to report the bill without amendment. Following that, we can then consider whether or not something further should be added to our report.

So far as the content of the bill is concerned, is the committee prepared to authorize me to report the bill without amendment?

The transcript then reads:

**HON. SENATORS:** Agreed.

**THE CHAIRMAN:** If you wish now to suggest that something be added to our report, Senator Haidasz, it is open to discussion. I am not asking you to repeat what you have already said.

**SENATOR HAIDASZ:** Mr. Chairman, I think to include such a recommendation to the House of Commons would be of some value. Without repeating what I have already said, I feel we should send a message to the House of Commons requesting that they prevail upon the President of the Treasury Board to allocate sufficient person-year resources to the bodies charged with carrying out the provisions of this bill.

**THE CHAIRMAN:** My recollection of such reports does not go back very many years. I do not recall having seen such a report, but that does not mean it is not appropriate. I am in the hands of the committee as to whether or not such a recommendation should form part of our report.

We have the right to include in our report anything which is relevant to the subject matter of the bill which

we wish to draw to the attention of the Senate. I should perhaps say to Senator Haidasz that our report is to the Senate, not to anyone else.

Meaning the report of the committee, of course.

The transcript then goes on:

What is the view of the committee?

**SENATOR HAIDASZ:** Perhaps it could be done at the third reading stage, Mr. Chairman.

**THE CHAIRMAN:** Any individual senator, or number of senators, are free to make any comments they want at that stage on the basis of the evidence they have heard.

**SENATOR MARCHAND:** Since this has to do with the administration of the bill as opposed to the content, I do not know how far we can go in our report. There are perhaps other means of discussing our opinion in that regard.

**THE CHAIRMAN:** There are a number of alternatives open to any senator, whether a member of the committee or not.

**SENATOR DENIS:** Mr. Chairman, either we report the bill without amendment or with amendment. If an honourable senator wishes to make a recommendation in connection with the administration of the legislation, then that can be done at the third reading stage.

**SENATOR MCELMAN:** There is precedent, Mr. Chairman, in reports of committees to the Senate for comment.

**THE CHAIRMAN:** Comment on the content of the bill, you mean?

**SENATOR MCELMAN:** Comment that goes beyond the content of the bill. If it were the wish of the committee to express the concerns that have been put forward by Senator Haidasz, there would be nothing wrong in the committee stating, in its report, that on the basis of testimony received from witnesses representing the Canadian Transport Commission, the committee feels concerned that, in staff terms, that Commission may not be able to carry out efficiently in the public interest the provisions of this bill.

That then puts the concern of the committee before the Senate for discussion.

**THE CHAIRMAN:** I do not see what that adds. The evidence is available for any action on the part of any member of the Senate. I am at the direction of the committee. If the committee instructs me to report in that fashion, I shall do so. It is a question of whether or not the committee wishes to include such a recommendation.

**SENATOR MARCHAND:** I have no objection to the recommendation. If there is precedent, I have no objection to doing it in that way.

**THE CHAIRMAN:** I repeat, I am at the direction of the committee in this regard.

**SENATOR MCELMAN:** Is Senator Haidasz prepared to deal with this matter at the third reading stage?



**SENATOR HAIDASZ:** If the committee this morning does not wish to add this recommendation, I am prepared to move such a recommendation in the Senate on third reading of this bill. I am satisfied to do that.

**THE CHAIRMAN:** Very well, then. I shall report the bill without amendment.

That closes our proceedings on Bill S-5.

That is the end of the transcript. I think it would explain very well what Senator Haidasz had in mind in regard to third reading of the bill. This also illustrates that it is not something which has not been discussed.

**The Hon. the Speaker:** In view of the hour, I wonder if I might ask Senator Bosa if it would inconvenience him if I withheld my other ruling until the next sitting.

**Senator Bosa:** I think it is a very good suggestion, Mr. Speaker.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Budget-related paper entitled "The New Expenditure Management System", outlining the envelope system for allocating and controlling expenditures of the Government of Canada, dated December 1979, issued by the Department of Finance.

Copies of amendments to the Immigration Regulations, 1978, pursuant to section 115(3) of the *Immigration Act*, 1976, Chapter 52, Statutes of Canada, 1976-77.

Copies of Order in Council P.C. 1979-3094, dated November 15, 1979, amending Part II of the schedule to the *Hazardous Products Act*, Chapter H-3, R.S.C., 1970.

Report of the Canadian Film Development Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1979, pursuant to section 20 of the *Canadian Film Development Corporation Act*, Chapter C-8, R.S.C., 1970.

Report of the Department of Transport for the fiscal year ended March 31, 1979, pursuant to section 34 of the *Department of Transport Act*, Chapter T-15, R.S.C., 1970.

Document entitled "Canadian Petroleum Industry Monitoring Survey", for the period covering 1977-78, issued by the Department of Energy, Mines and Resources.

### CUSTOMS TARIFF

#### THE NEW ZEALAND TRADE AGREEMENT ACT, 1932 AUSTRALIAN TRADE AGREEMENT ACT, 1960 THE UNION OF SOUTH AFRICA TRADE AGREEMENT ACT, 1932

#### BILL TO AMEND—REPORT OF COMMITTEE

**Senator Hayden**, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the

committee had considered Bill C-18, to amend the Customs Tariff and to make certain amendments to The New Zealand Trade Agreement Act, 1932, the Australian Trade Agreement Act, 1960 and The Union of South Africa Trade Agreement Act, 1932, and had directed that the bill be reported without amendment.

● (1420)

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Doody** moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

### BANKS AND BANKING LAW REVISION

#### REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED AND PRINTED AS AN APPENDIX

**Senator Hayden:** Honourable senators, I have a report of the Standing Senate Committee on Banking, Trade and Commerce in connection with its dealing with the subject matter of Bill C-14, to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day to form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

[For text of report see appendix p. 502.]

**Senator Flynn:** Honourable senators, on the subject of printing committee reports as appendices, I wonder if in all cases it is necessary to have them appended to both the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate*. That seems to me to be repetitious and unnecessarily costly.

In saying this I am not referring to this particular report of the Banking, Trade and Commerce Committee on Bill C-14; I am merely suggesting that it is a problem we should address eventually. In that regard, perhaps Senator Molson would look into the matter.

**Senator Connolly:** Hear, hear.

**Senator Molson:** I beg your pardon?

**Senator Flynn:** Sorry. I thought you always listened to me.

**Senator Molson:** I always do.

**Senator Perrault:** He hangs on every word you say.

**The Hon. the Speaker:** Perhaps, honourable senators, I should inform you that a study is under way of the very matter that has just been raised by the Leader of the Government, namely, to determine the cost of printing and the cost of the various methods of placing documents into the permanent records of the house and into the non-permanent records. It is a costly process indeed; it has been brought to my attention as

Speaker and the whole matter is under examination and will be reported to the Senate in due course.

## AGRICULTURE

### CHANGE IN COMMITTEE MEMBERSHIP

**Senator Macdonald**, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Bélisle be substituted for that of the Honourable Senator Yuzyk on the list of senators serving on the Standing Senate Committee on Agriculture.

Motion agreed to.

## QUESTION PERIOD

[English]

### GRAIN

#### INTERIM PAYMENTS BY CANADIAN WHEAT BOARD ON CURRENT CROP—INCOME TAX BURDEN ON PRAIRIE WHEAT FARMERS

**Senator Perrault**: Honourable senators, I know that we all regret the absence again from the chamber of the Minister of Industry, Trade and Commerce, who no doubt has been called away on some critical issue of urgent public importance.

**Senator Flynn**: Indeed!

**Senator Perrault**: Perhaps the Leader of the Government will tell us what the urgent matter of critical public importance is at some appropriate moment in the Question Period. May I, however, direct the question which I had intended to direct to the Minister of Industry, Trade and Commerce to the Leader of the Government, who, I know, is a fount of knowledge and information.

**Some Hon. Senators**: Hear, hear.

**Senator Perrault**: I want to underscore once again the urgency which is felt on this side with respect to western grain handling and transportation. We have been asking a number of questions from this side in recent days on this subject. Very little time in this Parliament has been devoted to this subject, in spite of its crucial importance to the west and despite its economic significance to the whole country.

May I again draw to the most immediate attention of the Leader of the Government the income tax questions affecting prairie farmers, questions which have been raised twice now in a most eloquent fashion by the Honourable Senator Argue. Cheques are being mailed by the Wheat Board at this very moment. They are in the mail. God willing, those cheques will arrive soon. We hope!

**Senator Flynn**: What else is new?

**Senator Perrault**: If an answer is not forthcoming from the government within a day or two, it will be too late to save the

[The Hon. the Speaker.]

prairie farmers from a serious income tax burden. That would be an unfair action against the wheat farmers of this country. So I ask the Leader of the Government whether he can give us any reassurance on the points which have been raised in recent days by the Honourable Senator Argue and others.

**Senator Flynn**: The obvious reply is that it depends on the interpretation of the legislation. Yesterday, Senator de Cotret in his reply seemed to indicate that the law as it stands would not provide the relief that is sought; but, as I also understood his reply, we will be looking into this and we will find out if there is a way of interpreting the legislation in the direction that has been suggested by Senator Argue and by Senator Perrault today.

Senator Perrault, whose knowledge is well known in matters of taxation as well as in all other matters of government affairs—

**Senator Olson**: Hear, hear.

**Senator Flynn**: Oh, applaud with a little more conviction, please! Senator Perrault would know that it is difficult, to say the least, to address that kind of problem by way of legislation. However, I can indicate to you that there are many similar problems—I do not know how many—of the same kind that arise in all areas of taxation. I do not think it is easy, but I do not say that there is no solution. In any event, first we shall look into the possibility of having a favourable interpretation of the law as it stands; secondly, we shall find out if by means of legislation we could provide some relief. I cannot promise more than that.

• (1430)

**Senator Perrault**: The Honourable the Leader of the Government has indicated sympathy with this problem. But here we have a case of a possible miscarriage of justice affecting some of the hardest working people in this country. The minister should understand that we are not asking for massive tax change and reform at this time. We may be faced here with a matter of simply changing regulations. The government may be able to take some action in the forthcoming budget, which is almost upon us, which retroactively would provide some remedy for the grain growers. While we appear to have the assurance from the government that the problem is under active study, we do not need any more monitoring, honourable senators. We want action now from this government on a very important matter.

## ENERGY

#### IMPERIAL OIL LIMITED—ANNOUNCED INCREASE IN PRICE OF GASOLINE

**Senator Perrault**: May I ask the Leader of the Government about the announcement made at the beginning of this week that Imperial Oil is going to impose another gasoline price increase in this country? Can the leader give us any information at this stage as to the reasons behind this new increase at this time?



Can the leader tell us why the Right Honourable the Prime Minister has stated that he thinks it highly unlikely he will do anything more than telephone the President of Imperial Oil, but that probably a roll-back of prices will not be suggested or requested? Why does Imperial Oil feel that it must charge an additional 1.4 cents per gallon, especially in view of its massive increase in profits in the past 12 months?

**Senator Flynn:** Whether the Leader of the Opposition raises his voice or speaks in subdued terms, it does not change the problem he is trying to deal with. We have not at this time any legislation, because I believe that wage and price control was abandoned after it had been tried for some years. Whether we should go back to the control that was instituted in 1975, I cannot say. If I remember correctly—

**Senator Olson:** October 1974.

**Senator Flynn:** It was after the election of 1974, when it was declared by the former Prime Minister—

**Senator Perrault:** It was proposed by your leader—

**Senator Flynn:** Yes, I know. However, I have never in my time seen a flip-flop of that kind.

**Senator Lamontagne:** We have seen many in recent weeks.

**Senator Flynn:** I cannot remember if Senator Marchand was a member of the government at that time. Were you a candidate in 1974?

**Senator Marchand:** I was there.

**Senator Flynn:** And you joined in the flip-flop of 1975. After you won the election you decided to change your tune. Are you suggesting that we bring back—

**Senator Olson:** Tell us about the oil price.

**Senator Flynn:** Regarding the oil price, I am saying that there is no legislation which permits the government to impose anything at this time. However, the Prime Minister did not say that he would not suggest a roll-back by the company concerned.

**Senator Lamontagne:** Another telephone conversation.

**Senator Flynn:** Why not? He said he would be in touch with the president of the company and inquire as to the reasons why the company decided to increase its price. There may be some valid reasons. But before deciding whether it was right or wrong—and I am not speaking of legality—we should at least hear the reasons of the other party. In any event, the problem is deeper than the immediate increase in price by the company. If the Leader of the Opposition has a solution to this question, I would be only too pleased to submit it to the Prime Minister and cabinet. I am sure that he has solutions to every problem, since he is on the other side.

**Senator Perrault:** I recall only too vividly that when the Leader of the Government occupied this side of the chamber he had an instant solution to almost any problem facing mankind, both domestic and foreign.

**Senator Flynn:** Don't compare me with you.

**Senator Perrault:** I am not suggesting to the Leader of the Government that he or his government should offer an instant solution to the problem of higher gasoline prices. But there is, at the very minimum and immediately, a force of moral suasion, that could be exercised, if warranted, in massive quantities by the Government of Canada today under these circumstances. For the Leader of the Government to infer to this chamber that somehow it may be necessary to bring back wage and price restraints or controls in order to meet this question, is totally unrealistic.

Governments faced with circumstances of this kind have a duty to act when a price leader in a certain major industry, be it steel, oil or anything else, takes action under the present economic climate without consultation with the government. Governments have the clear duty to exercise the force of moral suasion and, if justified, to indicate those measures which will be taken against any key company charging inordinate amounts for vital commodities. That is what we are asking.

May I ask the Leader of the Government, as a supplementary, in view of the fact that Imperial Oil is the industry price leader in this country, and because up to this time few if any companies have followed the lead of Imperial Oil, will the government also contact the other companies and urge them to exercise restraint in present circumstances, particularly since Esso has again stated, as reported on one of the national networks this morning, that it may roll back its increases if the other companies do not raise their prices in line with Imperial Oil Company's price hike. Surely this war against inflation is something that should concern this government as being very urgent. The Right Honourable the Prime Minister has stated:

I am going to make a phone call and I am going to ask him why the prices are going up. But we are certainly not at this moment contemplating roll-backs; nor do I think we will be.

That is hardly the kind of statement to strike fear in the heart of any corporate leader in this country. Indeed, I am sure that it may well be a short conversation.

**Senator Lamontagne:** Government by telephone.

**Senator Flynn:** It is a very nice speech that we have once again heard from the Leader of the Opposition in his pompous way. I repeat that there is no legislation permitting the government to roll back prices.

I would ask the Leader of the Opposition, on what basis does he suggest that the increase is unjustified? The Prime Minister and the government should at least inquire before using moral suasion. It should first find out what are the reasons for the increase. I am not one to decide before hearing the other party. It may be easy for the Leader of the Opposition to do so, but it would be an irresponsible position. I suggest to him that I never behaved as he does when I was in his place.

**Senator Perrault:** Information given by the Leader of the Government today is more in the form of invective rather than information honestly and candidly provided for the Senate. I regret that very much. The price move by Imperial Oil once

again raises the question of how well the government, yes, and the public, the ordinary men and women in this country, trying to make budget ends meet, are in a position to monitor the actions of this vast oil industry and to obtain accurate information about what really is going on. A statement was made this morning by a spokesman for Imperial Oil, who said that the return on their investment was insufficient and that was why they wanted more money for their gas and oil.

I would like to ask the Leader of the Government whether any phone calls took place between the government and Imperial Oil this morning. Have officials from the government gone to Imperial Oil and asked to go over their figures with them to find out the necessity for this increase? Legislation passed in the last Parliament provided a much needed window on the industry, as did the creation of PetroCan as a competitive participant in the industry.

● (1440)

**Senator Flynn:** Which legislation?

**Senator Perrault:** If the Leader of the Government says, "Which legislation?" and does not know about that legislation, God help the Canadian people.

**Senator Flynn:** Which bill?

**Senator Perrault:** If PetroCan is dismantled along the lines suggested by the government—

**Senator Flynn:** Is this a speech? If the legislation—

**Senator Perrault:** This is a question, Mr. Leader.

**Senator Flynn:** It is a very long-winded one.

**Senator Perrault:** Obviously, there is some discomfort on the other side with respect to this question, as there should be.

Can the minister say what steps are being contemplated now to provide the people of Canada with at least the same amount of information about the oil industry as is available at the moment through an agency like Petro-Canada, if Petro-Canada is going to be dismantled?

**Senator Flynn:** I do not understand the reasoning of the Leader of the Opposition. He says the information is available through Petro-Canada, but if it is generally available, and if he is aware of it, why is he asking? If Petro-Canada had indeed provided him with all the answers, then why would he be looking for more? This is completely contradictory—but it is not the first time.

**Senator Perrault:** We are having a difficult time obtaining information from the Leader of the Government.

**Senator Flynn:** No, not at all.

**Senator Perrault:** I think it would be better for the Leader of the Government to say, "I am going to take this question as notice," and immediately huddle with the Minister of Energy to get some of the answers. I asked the question: Has any contact been established with Petro-Canada to determine their attitude with respect to the Imperial Oil hike?

**Senator Flynn:** Petro-Canada?

**Senator Perrault:** Yes.

**Senator Flynn:** What has this got to do with Esso?

**Senator Perrault:** It happens to be a government entity which knows something about the oil industry. Perhaps an opinion should be sought from Petro-Canada and from other areas with respect to this price increase.

**Senator Flynn:** If you believe that Petro-Canada knows everything, then surely you would have that information at hand—since you apparently know everything there is to know about Petro-Canada. I do not mind replying to questions that are—

**Senator Muir:** Sensible?

**Senator Flynn:** Well, yes; but that would be perhaps too much to expect. I do not mind answering questions that are up to an acceptable level.

**Senator Lamontagne:** Let us get sensible answers.

**Senator Flynn:** How can you give a sensible answer to a nonsensical question?

The Leader of the Opposition has been charging the government this afternoon with responsibility for everything that is going on in the area of oil reserves, and so on and so forth, but after all, there is no new legislation in this respect. There will be an announcement of the government's energy policy in due course. You needn't wait long. I simply ask the Leader of the Opposition to be patient, and I would point out that every problem that we have today stems from the position that we inherited when we formed the government.

**Senator Olson:** Oh, no.

**Senator Flynn:** Of course, it does. Senator Olson says, "Oh, no," but how can he prove otherwise? Really, I am just asking you: What can the government do at this time before the energy policy is announced? If you want me to telephone the President of Imperial Oil, of course, I can do so, but I am reasonably sure that that has been done, I have been busy with other matters this morning. I would like to check, however, and if the Leader of the Opposition has only this question to ask me, I will answer, "Yes, I will check and report tomorrow;" but this was not the intention of his question. He wanted to debate the matter, and criticize and argue and create fears in the population instead of trying to help to solve the problems that face us. That is the only attitude that I can discern in the remarks of the Leader of the Opposition.

**Senator Perrault:** Well, honourable senators, the Leader of the Government is obviously in a bad mood today, and not as forthcoming as usual.

The question is utterly simple. We are asking the Leader of the Government to ensure that this government monitors properly the cost side and the profit side, and all other aspects, of the oil industry, and to reassure the hard-pressed Canadian people that they are not paying inordinate amounts for gas and oil products. Today's move by Imperial Oil—a price leader in the industry—is enough to warrant a special meeting of cabinet to consider the situation and possible courses of action. This is what we are suggesting.



We are suggesting that information be sought with respect to the Imperial Oil situation, and that officials be dispatched to Imperial Oil to discuss with them the figures that have inspired this increase. We suggest also that perhaps Petro-Canada's expertise be employed by the government to analyze the need for an increase by Imperial Oil. This is what we are asking on behalf of the Canadian people.

**Senator Flynn:** It is obvious that the government would be monitoring the situation, and is doing everything within its power to try to find a solution to the problem. You did not need to ask, to be reassured on that matter.

**Senator Olson:** May I ask a supplementary question? I hope I can put it in such a way that it will not annoy the Leader of the Government.

**Senator Flynn:** Well, you may possibly be more successful than your leader.

**Senator Olson:** I am going to try very hard, anyway.

First of all, we know that the price of crude oil in Canada is fixed by the federal government, in agreement with the provincial governments, particularly the producing provinces, all across the country, and that subsidies are paid by the federal government to those refiners bringing in offshore oil so that the price is uniform across the country. As far as we know that price has not changed.

**Senator Flynn:** Which price?

**Senator Olson:** It might change, but it has not changed in the last few days, since Imperial Oil have increased their prices from 1.4 cents, for some products, to 2.6 cents for other products. In view of the fact that their increase in profits for the last year that they reported were very substantial, we would just like the government to make some inquiries.

When the Leader of the Government says he has no legislative tools to deal with this situation, he must have forgotten the Energy Supplies Emergency Act which was passed in the last session and which gives the federal government power to do all of these things if it chooses to do so. This increase on the part of Imperial Oil appears to be unjustifiable since there has been no increase in the price of the feedstocks—that is, the crude oil going into any refinery anywhere in Canada—since last July. What is the reason for a 2.6 cent increase now?

**Senator Flynn:** Senator Olson may think he has refined the question put by his leader, but, in fact, it is the same question and I do not see that I can add anything to what I have already said. The government is monitoring the situation and is looking at the steps that can be taken. In any event the government has no interest in not doing what is required to protect the Canadian public. I can assure the honourable senator that the government will not hesitate to do anything within its power to solve this problem.

#### PROFITS OF OIL COMPANIES FROM CANADIAN OPERATIONS

**Senator Croll:** Honourable senators, I have a question which I think is related to the subject under discussion. The question

is directed to the minister who is not here, and I therefore ask the Leader of the Government to take it as notice.

There is a report in the *Globe and Mail* of today to the following effect:

Gulf Canada Ltd. of Toronto now is estimating that its 1979 profit will be close to 50 per cent higher than in 1978, John Stoik, president and chief executive, says.

My question is a very simple one. All I want to know is how much profit from Canadian operations did Gulf, Amoco, Texaco, Shell, Mobil and Imperial make in Canada in the last two years?

**Senator Flynn:** You are asking what the profits of these companies have been over the last two years?

**Senator Croll:** Yes, in Canada, from Canadian operations.

**Senator Flynn:** Well, that is a question that could be put on the Order Paper, but I will take it as notice.

#### ATLANTIC PROVINCES—SECURITY OF FUEL OIL SUPPLIES

**Senator McElman:** Honourable senators, I have a question with respect to energy and oil supplies as well, which I would ask the Leader of the Government to take as notice.

● (1450)

Within the last 24 hours it has been reported that supplies of crude oil for the Gulf Oil refinery at Port Hawkesbury, Nova Scotia, have been cut off. That, I believe, is the only oil refinery in the Atlantic provinces which obtains its supply from Iran.

In this case, the report states, because Gulf Canada obtains its supplies through arrangements made by its principal, U.S. Gulf, that it has been affected by the policy of Iranians to cut off supplies to the United States, so it is reflected in the Canadian supply picture.

Therefore, I would ask the Leader of the Government to determine and advise the Senate what action is being taken, or will be taken, by the government through Petro-Canada, or whatever other means, to ensure that supplies of heating oil this winter will be made available to the customers of Gulf, because the report states that their supply will run out in February 1980, which is the depth of winter in the Atlantic provinces.

**Senator Flynn:** I will endeavour to obtain a detailed answer to the honourable senator's question, but I can assure him that the government is looking into this situation, and it will take whatever measures are appropriate and feasible to face the situation.

**Senator McElman:** I thank the leader.

#### ATLANTIC PROVINCES AND QUEBEC—STORAGE CAPACITY FOR CRUDE AND REFINED OIL

**Senator McElman:** I have a further question to pose to the Leader of the Government with respect to energy in the Atlantic area. During the period when feedstock supplies of crude oil for the refineries of the Atlantic coast and Quebec

east were readily available—before the OPEC nations created the difficulties that we have experienced since the Yom Kippur war—it was understandable that the storage facilities both for crude as feedstock and for the refined product could be kept at, if I might use the term, a hand-to-mouth level because supplies in those days were assured. However, since the Yom Kippur war, obviously there could not be assurances of supply.

My question is—and I realize this will have to be taken as notice as well—will the Leader of the Government obtain from his colleague in the cabinet details of what increases in storage capacity, both for feedstock crude and for refined product, have been put in place by those companies in the Atlantic provinces in particular, and perhaps Quebec as well, to give them greater capacity so that they will have supply for a longer period of time to offset interruptions in regular supply during that period?

I ask the question, quite obviously, because many of us have doubts as to the sincerity of some of the major oil companies in meeting the needs of Canadians. I think that their capital investment in this area is a good measure of the sincerity of their contribution to the Canadian energy situation.

**Senator Flynn:** I shall take that question as notice, of course. At the same time, I can find out what encouragement was given to these companies by the previous administration to do what the honourable senator suggests they should have done.

**Senator McElman:** Honourable senators, I appreciate the answer given by the Leader of the Government up to a point. I was very careful to avoid any political reference to this administration or any previous administration. I assure him that my interest is for the Atlantic provinces and their citizens who must have heating oil this winter, and I could not give one tinker's dam what government might be responsible.

**Senator Flynn:** I agree. I did not mean to disagree with what the honourable senator himself was saying. I am just indicating that some of these situations can hardly be remedied in a few months, and that sometimes actions that could have been taken some years ago were not taken and have to be considered at this time when we are trying to solve situations such as the one described by the honourable senator.

**Senator McElman:** I will check the *Debates of the Senate* very carefully to see if there was anything in my question that could have elicited such a response.

**Senator Flynn:** I think I made it clear, that I was not hitting back at the honourable senator himself. I believe that what I was proposing should certainly be part of the response I give, if he wants a complete answer. If he only wants a partial answer, of course, I will avoid referring to that other part of the problem.

[Translation]

IMPERIAL OIL LIMITED—ANNOUNCED INCREASE IN PRICE OF GASOLINE

**Senator Lamontagne:** Honourable senators, I have a supplementary question for the Leader of the Government. Why did the government abolish the price review agency which,

[Senator McElman.]

immediately after the announcement by Imperial Oil, could have looked into this problem objectively to determine whether or not the price increase was justified, and then informed the public immediately rather than force the Prime Minister to phone Imperial Oil management to get details?

**Senator Flynn:** I am not certain whether this government or the former government abolished that agency. I do not think the absence of that agency would prevent the government—I mean the government in general, not the Prime Minister in particular—from making all those checks the honourable senator suggests. I am sure they have been made and a report will be filed in due course in the same way as if the agency had continued to exist.

[English]

## BUSINESS OF THE SENATE

**Senator Roblin:** Honourable senators, before the Orders of the Day are called, I wonder if I might have permission to give some information about the intention of the government with respect to tomorrow's proceedings. I refer particularly to Bill C-17, the subject matter of which has been before the Standing Senate Committee on Banking, Trade and Commerce for some time. The committee is expected to report to the Senate tomorrow afternoon.

It is the hope of the government that we can dispose of second reading of that bill tomorrow, and then, with leave of the Senate, proceed directly to third reading on the same day. I thought it advisable to give notice of this intention so that honourable senators can reflect upon it when the time comes.

## NATIONAL UNITY

QUEBEC WHITE PAPER ON SOVEREIGNTY ASSOCIATION—  
REFERENDUM—CONSTITUTIONAL OPTIONS

**The Hon. the Speaker:** Are there any delayed answers?

[Translation]

**Senator Flynn:** Honourable senators, I refer to a question Senator Lamontagne asked me, I think it was last week, about the intentions of the government at this time to publish an answer to the Quebec white paper.

I believe the government clearly indicated that, as far as it is concerned, the white paper or the proposal contained in the white paper is totally unacceptable because it is totally incompatible with our concept of federalism. As government ministers, as members of the Progressive Conservative Party, we will join with all other federalists in Quebec to make our views clearly known to our fellow citizens.

I know the government does not intend to release a paper, but it will continue to make the decisions that will show Quebecers once again we are not captive of the status quo and whenever appropriate we will provide all information useful to the debates that will be taking place in this house.

**Senator Lamontagne:** If I understand correctly, the government, as the federal government, does not intend to answer the



false accusations contained in the white paper about federal policies with respect to Quebec?

**Senator Flynn:** No, that is not what I said. We do not intend to issue an answer, word for word, to the white paper. We are going to make our position known. We will provide proponents of the federalist cause with all useful information. We do not believe it is necessary to use the policy of an official reply by the federal government to the white paper because, in the final analysis, there are all sorts of points of view. Some people see the problem in one way, others see it in another way. I believe it would be unwise for us federalists to lock ourselves into a single answer which could bring a lot of discussions. Suppose, for example, that if the response were written by Senator Lamontagne, it might not meet my views. I would prefer to have a more flexible formula to meet the white paper proposals.

● (1500)

[English]

## MULTICULTURALISM

### CANADIAN CONSULTATIVE COUNCIL ON MULTICULTURALISM AS SOURCE OF ADVICE

**Senator Flynn:** I should like to reply to a question Senator Bosa asked last week in which he referred to a statement on multiculturalism issued by the Progressive Conservative Party on May 3, 1979, expressing faith in the Canadian Consultative Council on Multiculturalism.

The Minister of State for Multiculturalism has advised me that the May 3 statement has been carefully reviewed. It has been decided that the Council shall function as a policy management group providing advice to the minister on matters pertaining to Canada's ethnocultural minorities, rather than as a body with financial responsibility.

That is the reply I obtained from the minister.

**Senator Bosa:** I wonder if I could put a supplementary question to the minister.

**Senator Flynn:** Certainly.

**Senator Bosa:** First, I should like to praise some initiatives that this government has taken concerning the whole question of multiculturalism. I should like to point out that in that same statement on multiculturalism there is this sentence:

We recognize that providing our ethnic communities with the authority to monitor and give advice is no guarantee that their advice will be followed.

It goes on to say that a Progressive Conservative government will therefore give the CCCM additional authority to report directly to the Parliament of Canada, and I should like to ask the Leader of the Government what mechanism the Consultative Council will employ in order to report directly to Parliament when the Council perceives that the government is not following the advice it has been given.

**Senator Flynn:** I will obtain a reply from the minister.

## HEALTH, WELFARE AND SCIENCE

### BANNING OF 1.5 LITRE SOFT DRINK BOTTLES—SUBJECT MATTER REFERRED TO COMMITTEE

The Senate resumed from Wednesday, November 28, the debate on the motion of Senator Deschatelets:

That the matter regarding the banning of 1.5-litre bottles from the soft drink producers in Canada be referred to the Standing Senate Committee on Health, Welfare and Science.

**Senator Macdonald:** Honourable senators, it is not my intention to speak at any length on this motion. Certainly, the last speaker, Senator Buckwold, overcame some of the concerns I had regarding the matter.

I would remind you that both the inquiry and the motion dealt with the adverse effects on the Canadian economy of the banning of these 1.5-litre bottles from the soft drink industry. Senator Buckwold's amendment changed that and in so doing shifted the emphasis from the adverse effects on the industry to the adverse effects on the public. His motion reads:

That the matter regarding the banning of 1.5-litre bottles from the soft drink producers in Canada be referred to the Standing Senate Committee on Health, Welfare and Science.

I was glad of that amendment because up to then the emphasis, to my way of thinking, had been in the wrong direction. It was on the injury which might be done to the bottlers, to the industry, while at the same time nothing was being said about the injuries which might occur to the consuming public if those bottles were retained by the industry.

Some people have said, "Well, perhaps the minister over-reacted. Perhaps there wasn't that much danger." "After all," some said, "there have only been about 50 people injured in the last while back." Indeed, some went so far as to suggest that if the newspapers had not made so much of it, there would have been no fuss about it, and these poor people who were injured would not have said anything about it. Others suggested that it was just one of the normal dangers that people are exposed to. In fact, one spokesman for the soft drink producers said, "Well, nothing is perfect."

It must be small consolation to the person who has lost an eye through the explosion of one of these bottles to know that, after all, it happened only to him and was not something that was happening to everybody who had in his possession one of these 1.5-litre bottles.

I certainly think that our first priority should be to consider the danger to the public. If the danger to the public is there, then it is the duty of the minister to do what he can to overcome such danger, regardless of what adverse effect that might have on those in the bottling industry. It then seems to me that the question is whether the minister did over-react. Was there a danger? Perhaps I could make one or two observations on that point.

You will remember that first the minister asked the industry to take those bottles off the shelves of the stores. That request was not complied with. He then felt he had to enforce a ban.

Let me read to you what the *Globe and Mail* of August 11, 1979, had to say on this matter:

The 50 Canadians injured by glass fragments from exploding 1.5-litre pop bottles will probably be unimpressed by the argument that they were oddities in sales that run to 350 million a year. It is not easy, while changing the dressing on the wound, to regard oneself as part of an acceptable casualty margin to be sacrificed philosophically on the altar of national thirst.

The federal government, fortunately, does not look at the matter in this light; nor does it apparently consider the hazard to be something fanned into flame by an irresponsible press. Accordingly, Consumer and Corporate Affairs Minister Allan Lawrence has taken the sensible course of ordering a ban on the sales of soft drink bottles of this size until they can meet new safety standards.

There are other quotations along the same lines, but I will not bother to read them into the record.

Having said that, may I say that I will be pleased to support the motion to refer this matter to committee. Indeed, let us get it before the committee so both sides can be heard. Let us know just what the danger was. Let us know if the minister over-reacted or if, on the contrary, he waited too long to act.

I say that the soft drink industry must be prepared to answer some pretty pertinent questions. For example, what research did the soft drink industry do on these bottles before using them? Did they know that under certain circumstances the bottles would explode? If they knew that, did they then, knowingly, put those dangerous bottles before the public? Those are questions that need to be answered.

It has been suggested that the ban on those bottles was put into effect as a result of the chain stores and supermarkets putting pressure on the minister. Well, let us bring that out in the open also. If it was not a danger, but merely pressure which brought about the ban, then we had all better know that. If they can make the bottles safe, then why did they not make them safe from the start? Within two weeks, the Coca-Cola Company came up with a method whereby the bottles could be made safer. Research of that kind cannot be completed within two weeks. The company must have known in the first instance that the bottles were unsafe and were just preparing themselves for the time when public opinion impressed upon the minister the need to ban them.

● (1510)

There are a number of questions that we could ask the manufacturers of soft drinks when their representatives come before the committee. For those reasons, let us have them appear before the committee. Let us have the answers. In the case of those people who have been adversely affected—and they have been, because it was inevitable—it is a question of “too bad”; concern for the people who use these bottles must come first.

**Senator Marshall:** Honourable senators, this matter has been referred to the Standing Senate Committee on Health,

[Senator Macdonald.]

Welfare and Science, of which I have the honour of being the chairman. The motion emphasizes an ambiguity which, in my opinion, exists in the structure of our committees. The effect on the economy of the banning of 1.5-litre bottles was mentioned in the original motion, which was then changed by Senator Buckwold to have reference to the health hazard. Both aspects are correct.

The matter of the 1.5-litre bottles comes under the responsibility of the Minister of Consumer and Corporate Affairs. Consumer and Corporate Affairs, in the structure of our committees, comes under Banking, Trade and Commerce.

I point that out to emphasize the ambiguity which exists in the structure of our committees. In my opinion, the consumer aspect should come under Health, Welfare and Science. I would point out to honourable senators that because of changing conditions, and the realities of today in the parliamentary process, it might be wise to consider having a review of our committees as presently structured, with a view to changing them to suit the conditions of the day and to meet our responsibility to the Canadian public.

**Senator Deschatelets:** May I ask the honourable senator a question? In view of the fact that the banning of the bottles is based on the security of the public, does the honourable senator not consider that the matter comes within the jurisdiction of his committee? It was originally thought that the Banking, Trade and Commerce Committee should be concerned with this matter, but because the motion involved public safety it was agreed that the honourable senator's committee should investigate it.

**Senator Marshall:** The honourable senator is perfectly correct, and I have no objection to this matter being referred to my committee. I was merely trying to point out the ambiguity which exists in our committee structure. It was emphasized that Senator Deschatelets' motion was appropriate, as also was Senator Buckwold's. I can only repeat that the motion is to refer the matter to the Health, Welfare and Science Committee when Consumer and Corporate Affairs falls within the confines of the Banking, Trade and Commerce Committee. I accept the decision of the house. I will be pleased to chair the committee and we shall try to determine where the fault lies. I believe the honourable senator is perfectly correct.

**Senator Godfrey:** Honourable senators, is this not a question of balancing one matter against another—that is, the health of the population against the commercial effects? One could not find a more obvious instance than the automobile industry. Thousands of people are killed every year by automobiles, yet no one is proposing that they be banned.

**Senator Marshall:** Honourable senators, I can only repeat that there is an ambiguity in the way our committees are structured, and I think the situation should be reviewed.

Motion agreed to.



### DISTINGUISHED VISITOR IN THE GALLERY

MADAME ANTONINE MAILLET—RECIPIENT OF PRIX GONCOURT  
FOR FRENCH LITERATURE

**The Hon. the Speaker:** Honourable senators, before the next order is called, may I draw to your attention the fact that we have in the gallery a very distinguished visitor.

Senator Robichaud, with leave.

[Translation]

**Senator Robichaud:** Honourable senators, if my colleagues will allow me, I would like to underline something that has just happened in Canada and more especially in Acadia. I believe this event to be extremely significant.

Antonine Maillet, who is now in the gallery, was born in Bouctouche, in my beautiful county of Kent, and of course in my beautiful province.

She started to write very young. Her first work had and still has great success in the theatre and as a book. I am, of course, talking about *La Sagouine*, which is quite well known in Canada as well as in France and in several other countries, especially since it has been adapted for the theatre. It is a monologue which was adapted for the theatre and which is performed in French and English by actress Viola Léger. Its author is Antonine Maillet.

I think it was around 1958 that she wrote her first version of *La Sagouine* even though she added to it later on. She then wrote the well-known monologue.

Afterwards, Antonine wrote many books. I have the whole list before me. She has received literary awards in Canada as well as abroad. However, the event that I want to underline is the fact that for the first time in Canadian history, a Canadian author has been awarded the Prix Goncourt in France, which is indeed the highest award in French literature.

Of course, we Acadians are very proud of Antonine. All Canadians can also be proud of her.

She won the Prix Goncourt for a book that was published here in Canada. I do not want to advertise her book in the Senate, but I will say that it is worth reading. What made the biggest impression on me is the fact that, when she signed her book, she wrote the following:

Signed in Bouctouche on June 23, 1979, in this year of the 375th anniversary of Acadia.

This year, Acadians are celebrating the 375th anniversary of their arrival in Canada, the country that we all love and that she loves also. She praises Canada whenever she can do so.

In fact, she praised Canada today at a reception before the Senate met this afternoon. She did so in extremely moving terms, but also very realistically.

I wish to extend a most cordial welcome in our assembly to Antonine Maillet, to congratulate her for the honour that she

has brought to Acadia and Canada and to wish her every success for the future.

I hope she will continue to make us laugh as she has done so well in the past.

Just a word in passing. I could say she is the sister-in-law of a former well-known colleague of ours, Senator Hervé Michaud, who died last year.

Welcome, Antonine, on behalf of all my colleagues.

**Senator Flynn:** Honourable senators, I had the privilege with Senator Louis Robichaud, a true Acadian—which I am not unfortunately. I do have ancestors from the Gaspé peninsula, so I sometimes hear tunes that are quite similar to those from Acadia. As I said I had the privilege with Senator Robichaud to attend the reception given at noon by the Secretary of State in the National Arts Centre in honour of Mrs. Antonine Maillet, on the occasion of her being awarded the Prix Goncourt.

I therefore take great pleasure in joining my colleague in saying to Mrs. Maillet that her presence is a real honour. We are most honoured to have her with us.

I have known *La Sagouine* for a long time. I have been following regularly her episodes. I read *Les Cordes de Bois*. I have not yet read *Pélagie-la-Charette*, but this will come.

She is doing us a great honour. She is an exceptional interpreter of the Acadian saga. She is also a great Canadian. We congratulate her.

And I repeat this is a great honour. Our best wishes to her. We hope she will carry on with her most valuable, interesting and, to her small Acadian people, most glorious career.

• (1520)

[English]

### TRANSPORT AND COMMUNICATIONS

#### CANCELLATION OF COMMITTEE MEETING

**Senator Smith (Colchester):** Honourable senators, I wonder if I might have leave to make a brief announcement about a committee meeting?

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

**Senator Smith (Colchester):** The meeting of the Standing Senate Committee on Transport and Communications called for when the Senate rises has had to be cancelled. Notices have been sent out, but I suspect they may not yet have reached the attention of every member of the committee. The reason for the cancellation is simply that the solution which we had hoped to reach with regard to a drafting problem has not yet been reached.

The Senate adjourned until tomorrow at 2 p.m.

## APPENDIX

(See p. 493)

REPORT OF THE STANDING SENATE COMMITTEE ON  
BANKING, TRADE AND COMMERCE

Report on the subject matter of Bill C-14 "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act, and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof."

*The Banks and Banking Law Revision Act*

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Wednesday, December 5, 1979

### General Introduction

On October 23, 1979, the Minister of Finance, the Honourable John Crosbie, presented to the House of Commons for first reading Bill C-14, "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof." This Act is cited as the "Bank and Banking Law Revision Act, 1979". On November 1, 1979 the Standing Senate Committee on Banking, Trade and Commerce was authorized by the Senate to examine and consider the subject matter of Bill C-14 in advance of the said Bill coming before the Senate, or any matter relating thereto.

In accordance with the Order of Reference, your Committee gave careful consideration to Bill C-14 and in connection therewith had the benefit of the services and expert assistance of Mr. John F. Lewis, C.A., financial consultant, retired partner of Thorne, Riddell, Chartered Accountants as advisor to the Committee and retained its legal Counsel, Mr. David W. Scott, Q.C., of Scott & Aylen.

It will be remembered that the history of this decennial revision of banking legislation included a White Paper on the Revision of Canadian Banking Legislation which was issued in August, 1976. Your Committee examined that document, heard witnesses, and submitted its report to the Senate in June, 1977. Many of the recommendations of your Committee on that document were implemented in the banking legislation of Bill C-15 of the Fourth Session of Parliament which was introduced by the Honourable Jean Chrétien, Minister of Finance on November 2, 1978.

Your Committee, assisted by the same advisers, John F. Lewis and David W. Scott, studied Bill C-15, heard witnesses and reported to the Senate on March 7, 1979.

In the course of its study on Bill C-15 your Committee held seventeen meetings during which witnesses were heard, and also received and studied a number of briefs from organizations which did not appear before the Committee. Bill C-15 reflected twenty-four amendments proposed by your Committee as a result of its study and recommendations on the White Paper, of which five represented instances where your Committee's opinion did not agree with the White Paper proposals. In approximately five additional instances your Committee's recommendations on the White Paper proposals were partly implemented in Bill C-15. Approximately fifteen of your Committee's recommendations made in its report on the White Paper were not incorporated in Bill C-15.

As part of its study of Bill C-14 your Committee held ten meetings, of which five were devoted to study of the Bill and review of this report. Mr. W. A. Kennett, Inspector General of Banks, together with members of his staff, appeared as witnesses before the Committee at three of the sessions.

In its report of March 8, 1979, on the subject-matter of Bill C-15, your Committee made forty-two recommendations for amendments to the banking legislation as proposed in that Bill.

Of these, approximately twenty-five of your Committee's recommendations have been accepted in full in Bill C-14, approximately ten have been accepted in part, and seven have not been accepted.

In addition, the recommendations with respect to the proposed legislation included approximately ten recommendations for changes in the draft proposed regulations which were issued by the Minister of Finance in conjunction with Bill C-15. Because all of these regulations in their amended form have not been reissued at this date, your Committee does not consider it advisable to comment in detail at this time on the few amended redrafts of regulations which have been issued so far.

### Summary of Legislation

Because the process of this decennial revision of the *Bank Act* has been spread over a period of a few years including the publication of a White Paper and separate bills to three sessions of Parliament, it might be of some assistance to summarize for the reader the content of the legislation culminating in Bill C-14.

Bill C-14 contains not only an amended Bank Act and the new Canadian Payments Association Act, but also important amendments to other related acts, as follows:

PART I The Bank Act, (pages 1 to 343 of Bill C-14)

PART II Amendments to the Quebec Savings Banks Act (pages 344-414 of Bill C-14)

PART III Amendments to the Bank of Canada Acts (pages 415-421 of Bill C-14)

PART IV An Act to establish the Canadian Payments Association (pages 422-439 of Bill C-14)

PART V Related and Consequential Amendments to other legislation (pages 440-457 of Bill C-14)

It should also be noted that Part I of Bill C-14, being the new *Bank Act* contains approximately four hundred provisions which are based on equivalent provisions of the *Canadian Business Corporations Act*.

The main changes contemplated in this decennial review of the banking system might be summarized as follows:

- (1) changes in primary cash reserves required to be provided by Canadian banks;
- (2) entry to new banks into the banking system in Canada either by Special Act of Parliament or Letters Patent;
- (3) entry and control of and conditions for the operation in Canada of foreign bank subsidiaries incorporated under the new Bank Act;
- (4) further delineation of specific business powers of banks;
- (5) changes in the corporate structure of banks;
- (6) provisions requiring or permitting banks to conduct certain types of undertakings, i.e. leasing, factoring, mortgage lending—through subsidiaries;

- (7) establishment by a Special Act of Parliament of the Canadian Payments Association which would include banks and near-banks in the evolving national electronic payments system for clearing and settlement purposes;
- (8) amendments to the Quebec Savings Banks Act, the Bank of Canada Act and other related legislation.

In its report on Bill C-15, your Committee summarized the manner in which Bill C-15, in its various aspects, implemented the White Paper proposals and the extent to which the recommendations of your Committee had been effected. This report will not repeat those observations nor deal with many of the new amendments proposed in Bill C-14 which reflect your Committee's recommendations in a general or reasonable manner, nor comment on the many technical and editing changes arising from the recommendations of this Committee and other interested parties.

#### RECOMMENDATIONS OF THE COMMITTEE:

The Committee's main recommendations with respect to Bill C-14 concern the following subjects.

1. A FORM OF PUBLIC REVIEW OF APPLICATIONS FOR INCORPORATION
2. EXTENSION OF SECTION 88 SECURITY (SECTION 177 OF THE BILL) TO INCLUDE WHOLESALE AND RETAIL INVENTORIES

##### 1. Method of Incorporation of New Banks and Form of Review

Bill C-14 contemplates the same basic process for incorporation of new banks as was contained in the predecessor Bill. Letters Patent of Incorporation will be granted upon the exercise of discretion of the Minister through the Governor-in-Council. The Bill does not contemplate any form of public review.

Your Committee in response to both the White Paper and the predecessor Bill (Bill C-15) expressed its deep concern that new banks would hereafter be incorporated without the protection afforded by public scrutiny. In its report with respect to Bill C-15 it urged that a form of public review either through the office of the Inspector General or by Parliamentary Committee be incorporated into the proposed legislation. This recommendation has to date not been implemented in the new Bill.

During its hearings with respect to the subject matter of Bill C-14, your Committee has again reviewed this matter in detail and debated it from a variety of points of view. Your Committee remains more convinced than ever that some form of public review prior to the incorporation of a new bank is essential. The legislative leap from the present situation, which involves a detailed public scrutiny through the process of passage of an Act of Parliament, to the proposed system which would involve no public scrutiny whatever is, in the opinion of your Committee, undesirable and represents the assumption of a calculated risk as to the prospective dilatorious side effects of administra-

tive decision making which the exemplary Canadian banking system should not be required to assume.

In the circumstances, your Committee once again recommends the adoption of a system of public review of applications for Letters Patent of Incorporation whether for the incorporation of a new bank made up entirely of domestic applicants, or for the incorporation of a foreign bank subsidiary as contemplated by the terms of the Bill. In its report with respect to Bill C-15, your Committee recommended a review by either the Inspector General of Banks or some other appropriate Commission, Commissioner or Parliamentary Committee. As a result of its extensive deliberations in response to the present Bill your Committee has settled on the desirability of the Inspector General conducting the public hearing in question.

##### (a) The Inspector General as the Reviewing Agency

After deliberation your Committee has concluded that a Parliamentary form of review would be inappropriate in the context of the present Bill. It is anticipated that there will be a great number of applications to incorporate new banks, particularly foreign bank subsidiaries, in accordance with the terms of the Bill. This has not been the case heretofore in that applications by way of incorporation by Act of Parliament have been limited in number. In the circumstances, until now, Parliament has been quite able to cope with the burden of public review of Bills to incorporate new Banks. It is your Committee's opinion that Parliament would not be able to cope with such a system of review, even if the occasion for review was selective, in the light of the anticipated numbers of such applications in the future. The result, if parliamentary review were implemented would be, in the view of your Committee, a serious impediment to the orderly discharge of other equally important parliamentary business.

In the circumstances, and in accordance with the scheme set out hereunder, your Committee recommends that the public review in question be conducted by the Inspector General of Banks or such alternative person or body of persons as may be designated by Regulation.

##### (b) Publication of the Application

The publication of the application for incorporation by Letters Patent as contemplated by the present Bill should be continued, that is to say there should be appropriate publication in the *Canada Gazette* at regular intervals. In addition consideration should be given to publication in other periodicals having a more practical circulation, i.e. daily newspapers with an appropriate geographical spread. The publication of the application should contemplate intervention in the application by interested members of the public which intervention, as hereinafter set out, may trigger the convening of a public hearing.

##### (c) Factors Dictating a Public Hearing

Your Committee considered whether or not there should be a hearing in every case of an application for incorporation, or



whether hearings should be limited to those, either sought by the public, or determined to be required in the discretion of the Minister. Your Committee has concluded that the circumstances require an amalgam of several concepts. In the first place where responsible, legitimately interested members of the public seek a hearing, a hearing should be granted. By the same token the reaction of a given member of the public ought not to trigger the requirement for a hearing where that member of the public does not represent in a reasonably practical way a legitimate interest of the public. By the same token leaving the matter entirely to an unfettered ministerial discretion is likely to put undue pressure on the Minister and give rise to undesirable litigation. In the circumstances your Committee recommends that a public hearing should be held in all cases where, in the exercise of his discretion, the Minister regards it as being in the public interest that such a hearing be held or, alternatively where he is satisfied that a member or members of the public, who represent a legitimate public interest, have sought such a hearing.

(d) Form of the Hearing

Obviously the hearing should be in public and there should be an opportunity for representation by the applicant, or applicants, for Letters Patent of Incorporation, and for interested intervenants. Once an occasion for a public hearing has been established participation should not be limited to the interested group or groups whose demonstration of interest triggered the exercise of Ministerial discretion. The process should be one of a hearing designed to elicit information and should not be unduly adversarial in nature. There should be an opportunity to tender evidence, cross-examine witnesses and to make appropriate submissions.

(e) Scope of the Hearing

In the view of your Committee it will be important to establish, with some reasonably precise definition, the scope of the hearing. Obviously the intention is that the hearing will provide the Minister with sufficient information to enable him to properly exercise his discretion, in the public interest, as to whether or not Letters Patent of Incorporation should issue. The basic question in the case of all applications should be one of whether or not it has been made to appear that the applicants have the potential to make a contribution to banking in Canada, and that it is in the public interest that Letters Patent of Incorporation be granted to them. This would probably be sufficiently broad to enable the tribunal to explore not only the applicant's banking strategy and the climate, but also the underlying capitalization and the financial and personal integrity of the promoters.

(f) Foreign Bank Subsidiaries

It is important, in accordance with the spirit of reciprocity, not to impede the incorporation of foreign bank subsidiaries by substantive requirements that exceed those for domestic applicants, and which are not to be found in the home territory of the Applicant. Your Committee is of the view that the require-

ment of a public hearing does not amount to such an impediment particularly where the same requirement is imposed on domestic applicants. On the other hand in accordance with the scheme of Bill C-14, there are two features which make the situation for applicants for incorporation of foreign bank subsidiaries unique. In the first place Clause 8 of the Bill contemplates that the Minister will exercise his discretion upon criteria, of competitive potential, and whether or not reasonable reciprocity exists with respect to the applicant's home territory. In the circumstances, in the case of foreign bank subsidiaries, the scope of the hearing would have to be widened to include an inquiry as to competitive potential and whether or not reasonable reciprocity exists as between Canada and the jurisdiction in which the parent of a foreign bank subsidiary carries on its principal banking operation.

Secondly, the limitations on growth and size for foreign bank subsidiaries, as set out in the Bill, have at least the potential for defining, in finite terms, the field which may be occupied by such institutions in the Canadian banking system. This will require the Minister to exercise his discretion in an enlightened and fair manner in order to ensure that there is an even distribution of opportunity for foreign bank subsidiaries. The segment of the available market which will be accorded to any one applicant will have to be the subject of careful scrutiny. In the circumstances, the subject of the authorized capital which will be accorded initially to any single foreign bank subsidiary will, necessarily, have to be explored in the public review process.

(g) Jurisdiction of the Inspector General

Your Committee recommends that the Inspector General's jurisdiction in the hearing process be confined to a power to recommend to the Minister whether or not Letters Patent ought to issue, together with recommending any conditions which ought to be imposed in the terms of such Letters Patent. Your Committee does not consider it desirable to replace the exercise of ministerial discretion with a binding decision of an administrative tribunal. Its purpose in recommending public review is two-fold, namely to ensure that all relevant considerations are clearly and squarely before the Minister, and secondly to ensure that the public has a detailed understanding of the basis upon which an application has been approved or rejected.

(h) Appeals from the Decision of the Inspector General

In view of the fact that the Inspector General would have power to recommend only in accordance with the scheme contemplated by your Committee, a substantive right of appeal from his recommendation would be procedurally inappropriate. On the other hand, and apart altogether from statutory judicial review under the *Federal Court Act*, there should probably be an opportunity for reconsideration of the matter subsequent to the exercise of ministerial discretion. Accordingly your Committee recommends that there be provision for an appeal to the Cabinet from the decision of the Minister as is provided in other similar Federal legislation.

### (i) Licensing Review

Your Committee considered at length the question of whether or not the public review should take place as part of the process of the grant of Letters Patent of Incorporation or as part of the licensing process. Your Committee is of the opinion that the public hearing should be associated with the grant of Letters Patent initially. Only foreign bank subsidiaries are required to be licensed and thus if the public hearing was limited to the licensing process there would be no public hearing associated with the incorporation of domestic institutions. Secondly, in the public interest it may be desirable for the Inspector General to make representations as to the form and content of Letters Patent of Incorporation, consequent upon the public review, and this opportunity would be lost if the public review was limited to the licensing process only.

On the other hand, your Committee can foresee situations where a public review would be highly desirable and perhaps necessary in situations in which an application for renewal of a license was to be accepted or rejected. Accordingly, your Committee recommends, that where the applicant requests a public review on the occasion when consideration of renewal of a license is underway, such public review should be granted. In all other cases, such review should be granted in the discretion of the Minister in accordance with the guidelines set out for Letters Patent hearings.

### RECOMMENDATION

*That the Inspector General of Banks be established as a person authorized to conduct a public review of applications for incorporation of all new banks, with full power to enquire into all issues associated therewith and effecting the public interest, and with power to make appropriate recommendations to the Minister to grant or refuse such applications, such public review to take place in all cases wherein legitimate public interest so dictates.*

### 2. Loans and Security (Section 177)

Security for loans—wholesalers and retailers  
(Section 88 of the present Bank Act)

Under Section 88 of the present *Bank Act*, a bank may take as security for loans certain types of goods that are inventories of the borrower, including inventory of manufacturers held for manufacture as well as finished goods produced therefrom. Under this section, banks now have available to them the security of inventories, either in raw or finished condition, for loans made by them to wholesale dealers in agricultural, forest, mining, hydrocarbons and other natural resource products.

Bill C-14 has enlarged the scope of this application (Subsection 177(a) of the Bill) whereby a bank would be able to take as security for loans to wholesalers or retailers their inventories or "goods", wares and merchandise, manufactured or otherwise." This opening up of "Section 88" security to manufactured goods in the hands of wholesalers and retailers is, in the opinion of your Committee, a drastic step which is far beyond

the requirements of the large majority of wholesalers and retailers of manufactured goods.

In this connection the Canadian Banker's Association stated in their report "Where the Bank Act Revision Stands", page 16, "The Association is taking the view that there does not seem to be a real need for bringing wholesale and retail inventories under the section. Suppliers' trade credit together with some bank financing fills this need now, and duplication is unnecessary."

Your Committee believes that this extension of the availability of "Section 88" security for loans by banks to wholesalers and retailers would, in the long run, tend to reduce their lines of credit rather than enlarge them. In the first place, if such security is available to a bank for existing loans there could be a tendency on the bank's part to urge the borrower to pledge his inventories to the bank, without any additional line of credit. Secondly, once it is known by the suppliers of inventory that the wholesaler or retailer is subject to Section 177 there would probably be a consequent restriction on the line of credit which would be granted to that customer by the manufacturer or supplier. Similarly, alternative suppliers under equal circumstances of quality, prices and supply and demand would tend to be more restrictive in the credit terms than if the inventories were not pledged to the bank.

Thirdly, the credit risk of manufacturing and wholesale suppliers would be increased while the bank's risk would decline. Fourthly, the requirement to register the assignment under Section 177 of the retail inventories for every retailer and the requirement for all wholesalers and manufacturers to continually check the lists at the Bank of Canada for all assignments by retailers across Canada to whom they might sell will add a tremendous amount of administrative red tape to an already overburdened system. The vast numbers of small businesses which constitute the retail trade would make it impossible for manufacturers and wholesalers, as unpaid vendors, to protect themselves against Section 177 security.

Based on the evidence of the Inspector General of Banks, when he appeared before your Committee in November 1979, it is evident to your Committee that sufficient research has not been undertaken into the possible effects of the extension of Section 177 security to include the inventories or manufactured goods in the hands of wholesalers and retailers.

While it would appear to be clear from judgments such as that of the Privy Council in *Tenant v. Union Bank of Canada (1894) A.C. 31*, that the priority accorded the bank by Section 88 assignments is unaffected by provincial priority legislation, the passage of new provincial legislation such as the *Personal Property Security Act* (Ontario, Chapter 344) does complicate the matter. This sophisticated system of central registration with new methods of establishing priorities would be further complicated if Section 177 assignments were deposited by registration under this legislation. Your Committee has been advised that many banks are doing this notwithstanding the apparent sufficiency of the deposit with the Bank of Canada as contemplated by Section 177. In view of the nature of the



property that would be covered by the expanded Section 177 one can conceive of the system becoming, to say the least, cluttered.

It would appear to your Committee that the opening up of Section 177 security to wholesalers and retailers would greatly enlarge the area opportunity for conflicting jurisdiction and would result in a significant amount of confusion. Your Committee did not receive any briefs or testimony during its study of Bill C-14 which were favourable to the enlargement of the security presently offered by Section 88 of the *Bank Act*. Whatever research, if any, has been undertaken into the need for this amendment or into its possible negative and damaging effects has not been made available to your Committee.

### RECOMMENDATION

*Your Committee recommends that the amendment to Section 177 proposed in Bill C-14 which would extend the security for loans by a bank to any wholesale or retail purchaser or shipper of or dealers in "goods, wares and merchandise, manufacturer or otherwise, on the security of such goods, wares and merchandise" requires further consideration and that accordingly it should not be approved in its present form.*

## I THE BANK ACT

### REVIEW OF OTHER IMPORTANT CHANGES TO LEGISLATION PROPOSED IN BILL C-14

The following summary notes a number of amendments to the proposed legislation most of which give effect to the recommendations of your Committee in Bill C-15.

#### 1. Reserves

##### (i) Reduction in Primary Reserve Requirement

Your Committee's report on the White Paper recommended that the mandatory primary cash reserves required of Chartered Banks be reduced from 12% of demand deposits and 4% of notice deposits payable in Canadian currency to 10% and 3% respectively. This recommendation has been accepted in the proposed legislation. However, the legislation proposed in Bill C-15 called for a phasing-in of the reductions in rates over a four and one-half year period. In its report on Bill C-15, your Committee recommended that this phasing-in period be reduced to twelve months. Bill C-14 has been amended by reducing this period from four and one-half years to three and one-half years. This reduction partly meets your Committee's views that the phasing-in period was longer than necessary from the point of view of the ability of the banking system to absorb its effects without any undue disturbance. Your Committee, however, has no further recommendations to make in this regard.

##### (ii) Reserves on Foreign Currency Deposits

Both the White Paper and Bill C-15 proposed that banks be required to maintain primary and secondary reserves of three percent of its foreign currency deposits used domestically. As a result of its study and hearings on Bill C-15, your Committee concluded that the imposition of this 3% reserve would place

Canadian banks at a competitive disadvantage when competing with foreign banks for foreign currency loans to borrowers in Canada. Your Committee recommended therefore that Bill C-15 be amended in such a manner as to remove this competitive disadvantage.

Your Committee is pleased to see that proposed subsection 204(1)(g) now has been amended so as to have the 3% reserve requirement apply to "foreign currency deposit liabilities of residents of Canada with branches of the bank in Canada or with offices in Canada of subsidiaries of the bank." The proposed secondary reserve requirement also has been amended accordingly. Subsection 204(8)(e) has been added so as to exempt "Canadian currency deposits of non-residents with branches of the bank outside Canada or with offices outside Canada of subsidiaries of the bank." As a result of its studies your Committee has concluded that these proposed amendments included in Bill C-14 with respect to reserves on foreign currency deposits should overcome effectively the perceived difficulties presented by the previously proposed legislation of Bill C-15.

##### (iii) Exemption of Term Deposits from Reserve Requirement (Subsection 204(8)(d))

Bill C-14 continues the proposed exemption from reserve requirements of Canadian currency deposits from Residents of Canada with an original term to maturity of one year or more if such deposits are not encashable; also exempted should be encashable Canadian currency deposits from residents of Canada that are not encashable until one year from date of issue.

In its reports on the White Paper and on Bill C-15 your Committee recommended that the exemption for these term deposits from reserve requirements be removed from the proposed legislation. Your Committee has not received any representations from representatives of the trust companies with reference to Bill C-14. Your Committee continues to perceive that the elimination of this reserve requirement will narrow the competitive edge on interest rates which trust companies may offer for term deposits, with possible resultant disturbance of cash flows for the trust companies.

##### 2. Limit on Mortgage Lending by Banks

Your Committee notes that the present limitation on mortgage loans by banks of ten percent of the aggregate of Canadian currency deposits and debentures has been reinstated in Bill C-14. The legislation proposed by Bill C-15 would have removed any limit on mortgage loans.

Your Committee recommended in response to Bill C-15 that the ceiling be increased to 15%. While Bill C-14 retains the existing limit at 10%, it also permits banks to conduct mortgage lending through subsidiaries and the evidence given by the Inspector General of Banks makes it clear that the intention is that such mortgage lending through the subsidiary not be included in the 10% limitation. Effectively, this constrains the bank for direct mortgage lending but imposes no limit for indirect lending through subsidiaries, however, such mortgage

lending through subsidiaries must be conducted in accordance with the requirements of the federal Loans Companies Act.

Apart altogether from the desirability of the dichotomy of direct and indirect mortgage lending, if such is the Government's intentions, it is far from clear that it has been effectively incorporated in clear unambiguous language in the Bill. A review of Clauses 175b, 192 and 212 of Bill C-14 leave some doubt, in the face of the detail required in the consolidated statement of assets and liabilities required by Schedule J, as to whether the 10% limit would indeed not apply to the continued mortgage lending of both. Reassessment and possible amendment to these clauses and the related Schedule in the Bill appears to be required.

### 3. Financial Leasing and Factoring through Subsidiaries

Bill C-15 had proposed that banks be permitted to conduct financial leasing and factoring operations, but that such activities must be carried only as part of the banks' regular operations and not through affiliated or subsidiary companies. Your Committee in its report on Bill C-15 recommended that banks be allowed to carry on financial leasing and factoring operations either through separate wholly-owned subsidiaries or as part of the bank's operations. Bill C-14 now proposes that banks be required to conduct such operations through partly-owned controlled or wholly-owned subsidiary corporations. For control purposes, financial and statistical reports will be made to the Inspector General of Banks on both a consolidated and individual basis.

Your Committee believes that the conducting of these operations through separate subsidiaries will place the banks on a reasonably competitive basis with other companies engaged in financial leasing or factoring, and should tend to diminish the fears expressed by some interested parties that Bill C-15 would place the banks in a position to direct or influence its customers to do their financial leasing or factoring business also through that bank.

It is also noted, in conjunction with the changes which would permit banks to have subsidiaries engaged in financial leasing that further proposed amendments have been made in Bill C-14 which circumscribe to some extent the method by which a financial subsidiary may operate.

Subsection 172(1)(j) indicates that a bank subsidiary engaged in financial leasing may hold a lease property only "at the request of a specific lessee for leasing by him". In addition, the interpretation in subsection 192(a) further prevents a bank's leasing subsidiary from directing its customers or potential customers to particular dealers. The above provisions, together with the draft proposed regulations, which require individual financial leases of a bank's subsidiary to be non-operating and on full pay-out basis with a twenty percent residual value, should go a long way to alleviating the concerns of the automobile dealers.

In its report on Bill C-15 your Committee made a number of recommendations concerning the provisions in the Bill and in the related Financial Leasing Regulations.

Your Committee approves the proposed changes in the legislation referred to above, and has no further recommendations to make on this aspect of Bill C-14.

### 4. Foreign Banks

Your Committee made several recommendations in its report on Bill C-15 with regard to the entry of foreign banks into the Canadian banking system, including the establishing of a system of licensing, as recorded earlier in this report.

For purposes of record it may be useful to comment on further proposed amendments in Bill C-15 which now meet some of your Committee's concerns which were expressed in its report on Bill C-15.

#### (i) Limit on Growth of Foreign Bank Subsidiaries

Bill C-15 had proposed that fifteen percent of total commercial financing in Canada by all banks be the limit for the aggregate of the assets of all foreign bank subsidiaries.

This concept now has been amended in Bill C-14 whereby the total domestic assets of all foreign bank subsidiaries will be limited to eight percent of the total domestic assets of all banks in Canada, including in such latter total the domestic assets of the foreign bank subsidiaries. (Subsection 294(5)).

When the Inspector General of Banks and his representatives appeared before your Committee it was indicated that the limit of eight percent of total domestic assets was fairly comparable with the previous proposal of fifteen percent of total commercial financing, although the total limit had grown from the previous estimate of approximately \$7 billion in 1977 to almost \$12 billion in 1979. This dollar asset limit on the growth of domestic assets of foreign bank subsidiaries in Canada would continue to grow, of course, in line with the growth of the total assets of the domestic assets of all banks in Canada. Foreign international assets of foreign bank subsidiaries and Canadian banks would be excluded from the above calculations. Subsection 173(2)(e) consequently has been amended in Bill C-14 so that the limit of twenty times authorized capital for individual foreign bank subsidiaries would apply only to their domestic assets.

The above changes in the proposed legislation appear to be reasonable to your Committee as they would simplify control, and will provide automatic indexing of the limit based on the growth of all banks within the banking system in Canada.

#### (ii) Number of Branches

A foreign bank subsidiary from time to time may open such additional branches in Canada, as are approved by the Minister, in addition to its head office and its first branch. This permits flexibility and reciprocity within the context of making a contribution to competitive banking in Canada. Previously, in Bill C-15 the proposed limit on branches, was, with the approval of the Minister, four additional branches.

#### (iii) Grandfathering

The amendments proposed in Bill C-14 involve the concept of grandfathering, under certain conditions, holdings of a



variety of items including branches, assets, non-banking related investments and banking-related investments.

(iii)(a) Grandfathering of Branches

Bill C-14 provides for the grandfathering of the branches which replace those of an affiliate of a foreign bank subsidiary if such branches existed at the time of application for letters patent incorporating the foreign bank subsidiary. The grandfathering appears to be limited to a period of ten years by subsection 28(9). However, in practice, it would be expected that the approval of the Minister for the additional number of exiting branches would be obtained at the time of application for incorporation of the foreign bank subsidiary under section 172(2).

(iii)(b) Grandfathering of Investments in Canadian Corporations

Your Committee, in its report on Bill C-15 recommended that there should be some type of grandfathering of investments in Canada presently held by foreign banks who wish to incorporate a foreign bank subsidiary.

Some of the changes in Bill C-14 which give effect to this concept of grandfathering are summarized as follows:

(1) A foreign bank parent of a foreign bank subsidiary may continue to hold directly or indirectly an investment in a non-bank affiliate which is engaged in non-banking related activities (1) provided that it has the permission of the Minister and (2) provided such non-bank affiliate does not use the banking services of the related foreign bank subsidiary. (Subsection 297(3)).

(2) A foreign bank owning a foreign bank subsidiary may, for a period of two years, own in excess of ten percent of a non-bank affiliate which is engaged in banking related activities. However, such investments may be held for a further eight years if they are transferred to an affiliate of the foreign bank. (Subsections 28(8) and 28(9)).

(3) If a foreign bank owns a foreign bank subsidiary and subsequently an affiliate of the foreign bank acquires more than ten percent of a non-bank affiliate which engages in non-banking related activities, the Minister may approve the holding of such shares by the affiliate of the foreign bank provided the Minister is satisfied that the foreign bank is not in a position to avoid such acquisition. (Subsections 297(3) and 297(3.1)).

5. Ownership of Bank Shares by Provincial Governments

Under the present legislation governments are prohibited from owning capital stock in chartered banks. The White Paper proposed that this prohibition be removed and that provincial governments be allowed to hold and vote capital stock of chartered banks up to 25% of the shares of a new bank with such shareholdings being reduced to 10% within ten years. Bill C-15 contained a provision in line with the White Paper proposal and Bill C-14 carries the same provision forward into the proposed new law. In your Committee's report on Bill C-15 (as in its report on the White Paper) criticism of

this proposal was outlined. In response to Bill C-14, your Committee repeats essentially what was said on these earlier occasions, namely that ownership of significant interests by provincial governments in chartered banks is not in the public interest because interests varying from 25% to 10% might well give provincial governments effective control of the bank and would bring conventional banking objectives into conflict with the political interests of major government shareholders. Your Committee on earlier occasions recognized the fact that in the case of the Northland Bank shares are presently being held in trust for the governments of the provinces of Manitoba and Saskatchewan in anticipation of the passage of favourable legislation. Notwithstanding, your Committee is of the view that the problem of potential conflicts of interest outweigh the requirements of any individual bank in particular and the participation of provincial governments in the financing of new banks in general.

6. Technical Amendments

Your Committee has noted some sections in the Bill which, in its opinion, require some redrafting in order to improve the clarity of the intended meaning.

While the items mentioned below are not substantive in nature, your Committee records them with a view to being of possible assistance in the finalizing of this important legislative document.

(i) Shares in a Factoring or Leasing Subsidiary

It is evident from various sections of Bill C-14 taken in aggregate and in the context of the evidence presented by the Inspector General of Banks that it is intended that banks may only carry on the business of factoring or financial leasing through a subsidiary; i.e. a corporation that is controlled by the bank. (Interpretation of subsidiary corporation, subsection 2(2)(i)). This is reinforced in the interpretation in subsection 192(1), pages 207 and 208. However subsection 192(6)(c) refers to "all or any number of the issued outstanding shares of a factoring corporation or a leasing corporation." It appears to your Committee that there is lack of consistency between the drafting of the "controlled subsidiary" requirements in subsection 192(a)(i)—mortgage lending corporation, subsection 192(6)(a)(ii)—venture capital corporation, and subsection 192(6)(c)—factoring corporation or financial leasing corporation.

(ii) Appropriations for Contingencies

Bill C-14 proposes changing the name of the account entitled "Accumulated Appropriations for Losses" in the present *Bank Act* to "Appropriations for Contingencies". Your Committee is in agreement with this change as it reflects more clearly the nature and purpose of this reserve. However, subsection 211(3)(c) page 235 continues to refer to a "statement of accumulated appropriations for contingencies" as specified in Schedule M, whereas Schedule M on page 337 as well as Schedule K on page 334 refer to "Appropriations for Contingencies". No doubt this small matter of editing will be taken care of in the final drafting to remove this inconsistency.

### (iii) Reporting of Mortgage Loans of Subsidiaries

As mentioned earlier under "Limit on Mortgage Lending by Banks", the intention of the Bill is to exclude the mortgage loans of a bank's subsidiary mortgage loan corporation from the ten per cent limit imposed on a bank by subsection 175(2).

In order to clarify that the mortgage loans of subsidiaries are not to be included with those of the parent bank and to provide the separate information on the bank's mortgage loans, Schedule J should be amended so as to show the conventional residential mortgage loans of the subsidiary separate from those of the bank.

### 7. Regulations

Earlier in this report in the General Introduction your Committee has commented on the fact that all of the Minister's draft proposed regulations have not been reissued in amended form at the same time that Bill C-14 was tabled in the House of Commons.

The following new proposed draft regulations have been issued as of the date of this report:

"Guarantee Regulations" (Section 172(1)(i))

"Reserves Regulations" (Section 204(10))

The only redraft of the proposed regulations which has been issued is that of the proposed "Financial Leasing Regulations" (Section 172(1)(j)).

The following draft proposed regulations were issued by the Minister in conjunction with Bill C-15, but further redrafts, based on recommendations made by your Committee, have not been issued at this date.

- Data Processing Regulations (S. 172(1)(k))
- Options Regulations (S. 123(3))
- Proxy Regulations (S. 161(1) and 162(1))
- Insider Reports Regulations (S. 168)
- Registration of Security Fees Regulations (S. 177(f)(g))
- Venture Capital Corporation Regulations (S. 192(6))
- Real Estate Investment Trust and Mortgage Investment Company Regulations (S. 192(6)(b))
- Financial Corporations Regulations (S. 193(1))
- Form of Notes to Annual Statement Regulations (S. 214(1) of Part I and S. 53(4) of Part II)
- Foreign Bank Representative Offices Regulations (S. 294(2)(a))
- Circulation and Disclosure of Cost of Borrowing Regulations (S. 198(4) of Part I and S. 80 of Part II)
- Preliminary Prospectus and Prospectus Regulations (Sec. 307)

For our views on the above draft regulations which were issued with Bill C-15, see the report of your Committee on that Bill, where some of these regulations were discussed more fully.

Because of the absence of the reinsurance of amended proposed regulations, your Committee is aware that this report

is not as complete as we would prefer it to be. With regard to the three draft regulations issued in October, 1979, as noted above, your Committee has concluded that they are acceptable and has no further recommendations to make. It might be noted that most of your Committee's recommendations with regard to the Financial Leasing Regulations have been given effect to in the recent reissue of these regulations.

It might be noted also that in accordance with your Committee's recommendation, banks may now engage in financial leasing through a separate subsidiary corporation. While your Committee had recommended in its report on Bill C-15 that banks not be permitted to enter the automobile leasing field except for leasing of fleets of automobiles, the amendments in Bill C-14 together with the new proposed regulations, appear to your Committee to provide adequate control to prevent the banks from dominating the automobile leasing field as was feared by some of the witnesses who appeared before your Committee during its hearings on Bill C-15.

It is hoped by your Committee that the complete set of revised regulations will be issued before the banking legislation is adopted. In any event, your Committee will maintain a watching brief in this matter and will be pleased to study, with the authorization of the Senate, the subject matter and to report thereon in due course when the redrafted regulations are issued by the Minister.

If additional regulations are issued as they should be, before the Bill receives second reading, this will provide the Committee with an opportunity to consider them when the Bill is referred to the Committee for study.

### II THE QUEBEC SAVINGS BANKS ACT

Your Committee made eight main recommendations for amendments to the legislation proposed by Bill C-15; some of these main recommendations, such as those which would increase the business powers of a savings bank and the scope of its lending powers were put forward in considerable detail.

It is gratifying to your Committee that Bill C-14 implements in principle all of its substantive recommendations. A number of amendments are designed to make the legislation in the *Quebec Savings Banks Act* consistent with the parallel sections in the *Bank Act*.

#### Technical Amendment

It is noted by your Committee that Part II, which is applicable to the *Quebec Savings Banks Act*, refers in Section 53(2) (c) and Schedule C on page 410 of Bill C-14 to "Accumulated Appropriations for Contingencies". It would appear to your Committee that, to be consistent with the amendments made to the *Bank Act* (Subsection 21(3)(c) and Schedule M, page 337), the intention of the drafters was to shorten the name in both the *Bank Act* and the *Quebec Savings Banks Act* to "appropriations for Contingencies". As noted in the comments above concerning the *Bank Act*, subsection 21(3)(c) page 235, the word "accumulated" would also require similar editing.



### III CANADIAN PAYMENTS ASSOCIATION

Part IV of Bill C-14 comprises the Act which will establish the Canadian Payments Association.

For purposes of record, it may be useful to quote the following excerpt from your Committee's report on predecessor Bill C-15 in order to provide a summary of the purposes and background of the proposed legislation.

The proposed Act to establish the CPA is the successor to certain provisions of the Canadian Bankers' Association Act passed July 7, 1900, under which the Canadian Bankers' Association was given the authority to establish clearing houses under the approval and surveillance of the Treasury Board.

Your Committee understands that the clearing house system presently in operation, through 78 years of experience, has developed an exemplary clearing system which serves the country well. It is apparently understood that in the initial stages of the operation of the new Act it is likely that the rules which will be adopted will, by and large, be those that are in place now. As appears hereunder it will be important, in the view of your Committee, to insure that in the enthusiasm of launching a new organization the operational lessons of the past are not altered in the interest of change alone.

The objects of the CPA are set out in section 53 of the Bill which states:

"The objects of the association are to establish and operate a national clearing and settlements system and to plan the evolution of the national payments system."

The clearing and settlement of cheques and other payment items drawn on the chartered banks and other financial institutions will be arranged by the CPA which will take over the present clearing and settlement operations between the banks and the Bank of Canada presently carried out by the Canadian Bankers' Association.

The Bill proposes that only banks chartered under the Bank Act, including foreign bank subsidiaries, savings banks to which the Quebec Savings Banks Act applies, and the Bank of Canada would be required to be members of the Association. Other financial institutions which accept deposits transferable by order, such as near-banks including trust companies, credit unions, caisses populaires and others, may belong on a voluntary basis provided they meet the requirements set out in Section 78 of the CPA Act which appear to be minimal.

Your Committee examined predecessor Bill C-15 and heard a number of witnesses in connection with its study. Your Committee's report on Bill C-15 contained fourteen recommendations concerning the proposed legislation. Five of these recommendations have been adopted either in full or in part. Those recommendations which have not been included in Bill C-14 represent suggestions concerning the method of operating the clearing and settlement system and the Inspector General of Banks has assured your Committee that such matters will

be better dealt with and will be covered properly in the by-laws of the Canadian Payments Association.

However your Committee continues to believe that there should be some built-in assurances in the legislation that the clearing and settlement system which is to replace the present successful system established by the Canadian Bankers' Association will be workable and efficient. In this connection your Committee recommended as follows in its report on Bill C-15.

In view of the long experience of banks in operating the present clearing and settlements systems the regulations passed pursuant to the CPA should include a provision establishing a two year transitional period during which the current administrative control policies and procedures provided to the clearing and settlement system by the CBA, through the chartered banks, shall be maintained in force in order to permit an orderly phasing-in of the new administrative control policies and procedures of the CPA and as insurance against unforeseen difficulties in developing and implementing the proposed new electronic funds transfer system.

In its brief to your Committee concerning Part IV of Bill C-15 the Canadian Bankers' Association commented as follows:

"The two main aspects of the payments system—one the "clearings" and the other the "settlement"—call for essential but different attributes for success.

"The first requires the establishment, maintenance and enforcement of exacting standards for preparation and processing of masses of paper. This function is carried on mainly within the institutions. It is an expensive function, because of the use of staff time and advanced technology. Standards now in effect are those developed over many years by The Canadian Bankers' Association. They are exacting in detail and are rigorously enforced.

"The settlement function by contrast rests on the daily solvency of the institutions involved. If a bank or other cheque-issuing agency cannot meet its indebtedness to another organization for cheques issued against it and accepted by that other agency it is in serious trouble. In fact both organizations may be in serious trouble. Such situations have not created problems in the past because near-banks have been sponsored by a chartered bank which has in effect guaranteed their solvency. The chartered bank in turn has had access to the Bank of Canada as a lender of last resort if it faced a temporary shortage for any reason.

"It is not surprising that the prospect of replacing the present system with a new and untried "set of arrangements give the bankers some concern." (Brief C.B.A. Pgs. 38 and 39)".

While your Committee appreciates that there might be some difficulty in drafting adequate legislation into the CPA Act, nevertheless it remains of the opinion that there should be some assurance or undertaking given at least in the regulations that there would be a transitional period of sufficient duration

during which the old and new systems are running parallel in order to insure that the new system, including administrative control policies and procedures and the new electronic funds transfer system, are running effectively and efficiently.

Part V of the Bill contains "Related and Consequential Amendments and Coming into Force". Clause 90 of Bill C-14 would amend the Act to Incorporate the Canadian Bankers' Association. It is noted that Clause 90(3) would repeal Section 7 of the CBA Act and would effectively take away from the CBA the right to operate a clearing house for banks. In the opinion of your Committee the date of proclamation of the coming into force of this amendment should not be proclaimed until after both the CBA system and the new system are operating efficiently under the mantle of the Canadian Payments Association.

Your Committee therefore repeats the above recommendation made in its report on Bill C-15 that the regulations provide for a two-year transitional period for the phasing-in of the operations of the clearing and settlement system from the present system conducted by the CBA over to the proposed new system of the CPA.

#### Technical Amendment (CPA Act)

Your Committee notes that, in order to give effect to the intention, the wording in clause 57(2) of the Canadian Payments Association Act should be changed so that it reads "A Central, a trust company, a loan company and any other person, other than a local that is a member of a *central*", rather than "that is *not* a member of a local."

#### IV BANK OF CANADA ACT

The only changes in the proposed amendments to the *Bank of Canada Act* which were not included in Bill C-15 appear to be with reference to the appointment of firms of accountants as auditors of the Bank of Canada, rather than individual accountants. These amendments would conform with the proposed changes of similar nature in the *Bank Act*, and the *Quebec Savings Banks Act*. Your Committee approves of these proposed amendments.

#### Conclusion

Your Committee is concerned by the fact that, though the Statute contemplates a decennial review of the legislation, circumstances have resulted in at least the last two of such reviews being long delayed in implementation resulting in the necessity of life-sustaining interim legislation and general uncertainty. Your Committee feels strongly that at the next "decennial" review every effort be brought to bear to insure speedy consideration and implementation of those changes considered to be desirable as being in the public interest.

Your Committee wishes to express its appreciation for the services rendered in the review of Bill C-14 by Messrs. John F. Lewis and David W. Scott.

Your Committee has examined and considered the subject matter of Bill C-14 in accordance with its terms of reference and, except as noted above, has no comments to make on the Bill.

Respectfully submitted,

SALTER A. HAYDEN,  
*Chairman.*



## THE SENATE

Thursday, December 6, 1979

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

### BUDGET SPEECH

ACCOMMODATION FOR SENATORS IN SENATE GALLERY OF  
HOUSE OF COMMONS

**The Hon. the Speaker:** Honourable senators will be aware, of course, that the Minister of Finance will deliver his budget speech in the other place on Tuesday next, December 11, 1979, at 8 o'clock in the evening.

May I be permitted to remind honourable senators that, according to a long-established rule running back to 1931, only senators themselves will be admitted to the Senate Gallery of the House of Commons on that occasion. This step is taken to make sure that senators who wish to be in the gallery at that time will be able to find accommodation.

The question as to the accommodation provided for senators in that gallery in the House of Commons has been before us for some time. I have had discussions with His Honour Speaker Jerome of the House of Commons, and he has authorized me to say, first of all, that the whole matter is under sympathetic review in terms of the former commitments given to the Senate and, secondly, on this occasion the "usual"—and that is the word used—accommodation will be available to honourable senators.

### STANDING RULES AND ORDERS

#### POINT OF ORDER

**The Hon. the Speaker:** Honourable senators, I undertook to respond today to a reference to me of two points of order in a matter raised by Senator Bosa and others. Because we have somewhat of a time limit in the early part of our proceedings, I should inform honourable senators that in order to expedite some other matters that are before the Senate I will discuss that matter further just before the Orders of the Day.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Report of the Department of Energy, Mines and Resources for the fiscal year ended March 31, 1979, pursuant to section 5 of the Department of Energy, Mines and Resources Act, Chapter E-6, R.S.C., 1970.

### INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

#### REPORTS OF COMMITTEE BUDGETS TABLED

**Senator Bélisle,** Chairman of the Standing Committee on Internal Economy, Budgets and Administration, tabled reports approving budgets of the following committees:

- Agriculture
- Banking, Trade and Commerce
- Foreign Affairs
- National Finance
- Northern Pipeline (Special)
- Retirement Age Policies (Special)

(For texts of reports, see today's *Minutes of the Proceedings of the Senate*.)

### INCOME TAX ACT CANADA PENSION PLAN

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE  
TABLED AND PRINTED AS AN APPENDIX

**Senator Hayden:** Honourable senators, I desire to table the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-17, to amend the statute law relating to income tax and to amend the Canada Pension Plan. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day to form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(For text of report see appendix, p. 533.)

**Senator Hayden:** Honourable senators, with leave, I should like to give an explanation of this report.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Hayden:** Honourable senators, it is almost trite to say that a tax bill is complex and confusing, but we have another one this time that certainly does not break that track record. This one is complex and confusing. But, as usual in all these tax bills, you find a few goodies, as I describe them. I am saved the problem of enumerating them, unless honourable senators want to have them enumerated again, because the sponsor of the bill, Senator Roblin, when dealing with the bill on second reading, listed what these goodies are. They are set out early in the bill, so before you find your continued reading

too tiresome you will be able to pick up at least what the goodies are.

I should tell you that some special problems are dealt with in this bill. In the report we have headings. Part I deals with term and preferred shares, and Part II deals with small business. Then we have the recommendations that were made by this committee in respect of Bill C-37, which was the product of the budget of December, 1978, and which died on the order paper.

Part I of the report is the part that has created a great and substantial interest among the financial institutions, dealing, as it does, with what is called in section 36 of Bill C-37 "term preferred shares." I should go back and tell you how that kind of vehicle became so attractive in its use for substantial financing.

In section 112 of the Income Tax Act, which I think had its origin about 1952, there was a provision under which a taxable dividend received by a corporation from another corporation would pass, without being subject to tax, from the declaring company to the receiving company. It was some time before the financial community and the financial institutions and their advisers apparently came to a full realization of what opportunities were afforded by this provision in the law.

● (1410)

Finally, in relation to companies that were rich in resources and had the potential for great development and the production of wealth, but companies that were short on cash flow and on being able readily to find a lot of money necessary for, say, resource development—because this vehicle has been used quite substantially by mining and other resource concerns—the method that was selected was to create a preferred share.

The preferred share would have various conditions attached to it. It would have a provision for redemption; it would have provisions for protection against any incidence of tax that might develop, and against any of the demands that might occur that would imperil, or would appear to imperil, the security of the preferred share.

The advantage of this method of financing was that since the dividend on the preferred share would pass from the company creating and issuing that share to a financial institution, including a bank, without being subject to tax by virtue of section 112 of the Income Tax Act, the dividend on such preferred share was set at a much less substantial rate—in other words, about 50 per cent of the normal dividend rate. Therefore, if a bank or other financial institution was at the other end of the transaction, it was able to make a much lower charge in lieu of interest. In other words, the recovery that the financial institution would make out of acquiring preferred shares, by reason of the dividends passing without tax, would be about the recovery that a financial institution would make if it were treated as interest and was subject to income tax.

So that was the great advantage of this vehicle. We were told in committee that the loss of revenue, during the period of possibly five or six years when this method was being followed,

[Senator Hayden.]

by the issue of preferred shares, would amount to about half a billion dollars.

Therefore in 1978 the then government decided that a stop should be put to this kind of financing. But this kind of transaction was really a loan, and it was masquerading under the description of a preferred share when it had all the characteristics of a loan. Therefore the government proposed to treat it as a loan and, in Bill C-37, imposed terms and conditions as to what would make that preferred share a term preferred share and make the dividend taxable. However, as usually happens in taxing legislation, one may cure some things but unleash many more. I would say that Bill C-37, if anything, did not go far enough. There were many loopholes that financial institutions were quick to discover.

To illustrate: Bill C-37 defined a term preferred share to include a share redeemable at the option of the holder within 10 years. What Bill C-37 did not foresee, though, was that financial institutions could acquire shares with sufficient amount of voting power to give them the opportunity to force a redemption at any time.

Then the present government, recognizing that this provision did not go far enough, included clauses 36, 66 and 67 in Bill C-17, the bill which we now have before us. The difficulty with those clauses is that they go too far. In other words, in attempting to correct Bill C-37, they went too far and involved more problems—problems which should not have been involved—in an attempt to correct the situation regarding preferred shares.

Then complaints and submissions went to the Minister of Finance. As a result of those complaints and submissions, the Minister of Finance made a statement in which he indicated it would be necessary to make certain technical amendments to the bill, and in particular to the clauses I mentioned.

At the same time, complaints and submissions came before the Standing Senate Committee on Banking, Trade and Commerce. Those complaints and submissions were along the same lines as those received by the Minister of Finance. As well, our tax experts, in doing preparatory work on the subject matter of the bill, noted these things and what was needed, in large measure, to correct the situation.

The next step was that the Minister of Finance got in touch with me, as chairman of the committee, and indicated the problem and the need to deal with the problem of the excess which had been used in attempting to correct Bill C-37. The minister wondered whether in our committee some way could be found to deal with that situation without the necessity of having the bill amended in the Senate and then sent back to the House of Commons, where the bill would have to be reconsidered and the amendments dealt with.

This was not a new problem to our committee, because this had happened many times with succeeding Ministers of Finance. I indicated that there was a procedure which would involve our agreeing on what the problems were and our agreeing on what was necessary to correct them. I also indicated that it would be necessary for the Minister of Finance to



appear before our committee to give the necessary undertakings that this would be done, and that these amendments would be implemented when he delivered his budget.

The minister appeared in due course after the committee had heard from departmental officials regarding the problems. The minister made a statement, and in that statement he made certain undertakings. I call them undertakings, and I think you will agree that that is what they are. He not only dealt with that, but also with the recommendations that this committee had made regarding Bill C-37. He gave certain indications in that connection as to the review of these recommendations and as to what the policy of the department at the moment was. He further indicated that if on review there was any change, amendments would be introduced in the near future to correct those situations.

● (1420)

I know you do not like to hear things read, and I do not like to read them, but perhaps we can all forget our dislike in this regard while I read what the minister said. I am reading from a transcript of the proceedings of the Standing Senate Committee on Banking, Trade and Commerce of yesterday. My first reference is on page AA-3, where he said:

It is apparent to me, both from your proceedings and from the representation that we have received directly, that it is desirable that certain technical amendments be made with respect to term preferred share measures in Bill C-17. I intend at the earliest possible opportunity to amend the measures in Bill C-17 to make clear that the provisions of Bill C-37 will apply for the period from November 16, 1978, to October 23, 1979. As a result, any changes to the legislation, other than relieving amendments, appearing in Bill C-17, will have effect only from October 23, 1979. This will be done in the coming-into-force part of the future bill.

The next statement by the minister I want to refer to on this point is on page AA-5. I should first tell you that in the full statement he listed the different problems that were identified by his department as causing trouble in the interpretation of sections 36, 66 and 67. When he got to the third item, he said:

Thirdly, subparagraph (h)(iv) [clause 66(7) of the bill] will be modified to clarify that those "grandfathered" shares or income debentures that have been issued to and owned by a financial institution, which have been sold to a non-financial institution, will not cease to be grandfathered only because, at a later time, they are sold back to a financial institution other than in the case of a sale by a financial institution after October 23, 1979, with a commitment to repurchase.

Because some of the conditions in these so-called term preferred shares provided for a plan of repurchase there is a general provision found mainly in clause 66, though possibly it occurs also in some respects in 36, under which the method to be followed in correcting many of the difficulties is that of grandfathering the transactions between the critical period in

Bill C-37, which was November 16, 1978, and the critical period in Bill C-17, which was October 23, 1979.

"Grandfathering" is just a technical term. Once upon a time I tried to find out the origin of this expression, but I did not get too satisfactory an answer. I think it conveys the idea that, notwithstanding the fact that the time limits seem to proscribe a given transaction, that proscription is relieved by certain words. At least one identifiable transaction was missed, and that was the matter of preferred shares issued prior to November 16, 1978. While the bill talked about grandfathering from November 16, 1978, to October 23, 1979, here was something sitting outside the period of grandfathering. The minister has undertaken to look into that transaction.

The object of the provisions I have referred to is to recognize a preferred share, which is now to be called a term preferred share, in its true light; namely, that it is a loan. If that situation is repeated at a future time, any payment made will be treated not as a dividend but as interest and will therefore be taxable. Of course, in the preferred shares that were issued there was a provision guaranteeing or ensuring against any adverse change in the tax laws.

If you read the provisions of the bill, you will no doubt find them difficult to follow and understand. I would like to feel that if you read our report, the bill might become somewhat more intelligible, and if you read the transcript of the evidence that was taken, you might ultimately find yourself well educated in the law respecting term preferred shares and the applications that can be made of existing provisions of the Income Tax Act many years after their having been put into the act. It apparently takes a while for things to churn and before light comes to even the most intelligent of tax lawyers and they see what opportunities are afforded.

We cannot be critical of the department for not detecting this situation sooner. When section 112 was first incorporated into the law it was hailed as a great advance in our tax laws, with dividends passing free of tax from one Canadian company to another. However, the extensions began to cost the government tremendous amounts of money, with the result that a stop had to be put to it.

That is the main purpose of the bill. The other clauses of the bill deal with a variety of subjects and are, for the most part, carried through from Bill C-37, on which your committee made a report. That report is a matter of record in the Senate, so I shall not weary you with that. In the minister's appearance before the committee, he also dealt with those subject matters. I will take the time to illustrate but one of them, that being the case of interest. When an individual borrows money against a life insurance policy and pays interest thereon, Bill C-37 provided that that interest, if paid prior to 1978, would not be an addition to the adjusted cost basis of the policy in order to determine what amount in the policy was return of capital and what amount was income and, as such, taxable. The explanation given for that course of action was that some insurance companies did not have the necessary records back beyond 1978. Your committee took the position that if insurance companies did not have that information, but the taxpayer

er did have a receipt or a cancelled cheque, he should not be deprived of the opportunity of establishing his entitlement to add to the adjusted cost basis the interest that he paid.

● (1430)

When the departmental representatives appeared before us on this occasion, they had done some more research. Their explanation was that if the policy loan was for business purposes, it should be deductible as monies laid out in order to earn interest. Therefore, if the department gave the right to the policyholder to deduct the interest from his income and also to add the interest to his adjusted cost basis, he would, in fact, be receiving a double benefit. The answer to that was that it should simply be divided into two, and if it were a commercial or a business loan it should carry that benefit, and there should be a definition of what type of interest can be added to the cost basis.

The minister has made certain undertakings in relation to all the items listed in our report which I tabled today, and which are also contained in the report we made a year ago with reference to Bill C-37. There is no need for me to run through that list of items and perhaps run the risk of boring you and seeing a general exodus from the chamber for a breather while I continue to speak. Nevertheless, I feel I should tell you what conclusion the committee came to and what recommendations it has made.

What the committee has said in conclusion is:

Your committee has examined and considered the subject matter of Bill C-17 in accordance with its terms of reference. Its concerns are noted above but in view of the statements given by the minister to the committee and given the minister's desire to complete passage of the bill before his forthcoming budget, the committee recommends to the Senate that the bill be favourably considered without amendment. Due to the circumstances related above, we do not recommend any amendments to the bill.

We feel that, in due course, time will take care of this matter. The minister is bound to present us with another tax bill within a year. They say that you can count on death and taxes, but I would say that taxes, of course, presuppose a bill from the minister. Next year there may be something in a bill that the minister would like to have dealt with in a particular way before our committee. If he lives up to the undertakings he has given, there will be no problem; however, frankly speaking, if he does not live up to the undertakings, we will have a chance to make amendments to next year's tax bill.

I should like to point out that since at least 1969, when we started this procedure, there has never been an occasion when a minister has given an undertaking, or what is tantamount to an undertaking, which has not been implemented in due course—perhaps not within the next day or the next month, but certainly within the next fiscal year.

In that connection I can remember when the great tax reform bill came to us in 1971. We must have made about 200 amendments to that bill, most of them being really substantial. Many of them were delivered in time to the House of Com-

mons committee that was then sitting, and they were dealt with by that committee. However, some were not dealt with, and the minister appeared before our committee and agreed that the amendments were necessary and he undertook that they would be implemented as quickly as possible.

I remember when John Turner appeared before us as Minister of Finance and explained certain amendments. He stated that that concluded the sum total of the amendments the respective Ministers of Finance undertook to make when considering the basic income tax bill.

Therefore, we have no reason to believe, and we do not believe, that the minister will not implement whatever he has undertaken to implement, and that he will not study and review whatever he has undertaken to study and review.

We have not given up our hold on this, because the Senate can always refer any subject matter to a committee for study. We can also depend on the force of public opinion and the fact that there will be another occasion when the minister will place a bill before a committee of the Senate.

I hope I have not wearied you. I have tried to be clear in my explanation of this somewhat complex matter.

I have not yet referred to the "income debentures" which are mentioned in the minister's statement. Income debentures go back to the mid-1950s. Income debenture is defined in section 15(3) of the Income Tax Act. Income debenture simply means that the payments made on account of the use of the proceeds of the debenture will be treated as dividends. Therefore, if income debentures are exchanged between two corporations, being a dividend they will, of course, move tax-free. The income debenture was a vehicle that was used very much, as I understand, in the period of the great depression of the early thirties as a method of financing worthwhile enterprises at a lower cost than that of trying to borrow money in the ordinary way and without that beneficial attraction.

That is the report with our recommendations. We have completed our work, unless the Senate, in its wisdom, tells us to go back and do something more.

## TRANSPORT AND COMMUNICATIONS

### COMMITTEE AUTHORIZED TO ENGAGE SERVICES

**Senator Smith (Colchester)**, with leave of the Senate and notwithstanding rule 45(1)(e), moved:

That the Standing Senate Committee on Transport and Communications have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purposes of its examination and consideration of such legislation and other matters as may be referred to it.

Motion agreed to.



● (1440)

## QUESTION PERIOD

[English]

### ENERGY

#### ATLANTIC PROVINCES AND QUEBEC—PREDICTED FUEL OIL SHORTAGES

**Senator Perrault:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce who, I am pleased to see, is back in his place this afternoon.

**Senator de Cotret:** Thank you.

**Senator Perrault:** The question relates to the seemingly very tight oil supply situation which may face Canadians this winter. The minister and the Leader of the Government, as well as other government representatives, no doubt recall that members on this side, and in the other place, have been warning the government about this potential problem for several months now. We have sought assurances on the matter of energy supply on several occasions. We are pleased to see the government finally moving to appoint the Energy Supplies Allocation Board which was authorized by legislation introduced by the previous government in the last Parliament some time ago, but we are concerned that the government has left it to this late date to put that board in place. It could take something like 60 days to make it functional.

The question is: Can the minister explain why it has taken the government so long to appoint this board, especially in view of the more than ample warnings that have been given that the board could well be needed this winter, a possibility foreseen by the previous government?

**Senator de Cotret:** Well, honourable senators, what amazes me the most about the question from the Leader of the Opposition in the Senate is why the previous government, if it foresaw so far in advance the need for such a board, did nothing to enhance supply in this country and move us toward self-sufficiency.

**Senator Perrault:** I regret very much that the minister has felt it necessary to become partisan on an occasion of this kind.

**Some Hon. Senators:** Oh, oh!

**Senator Perrault:** Surely, what we are concerned about, honourable senators, is the possibility of cold homes in the Atlantic provinces, the province of Quebec and other provinces this winter. This is not the time for the minister to drag into this chamber political red herrings. This is the time—

**Some Hon. Senators:** Oh, oh!

**Senator Perrault:** This is the time for this government to assume its responsibility of leadership—

**Senator Flynn:** Yes.

**Senator Perrault:** —and to assure Canadians in all of the provinces that there will be adequate heating oil supplies this winter. I asked why the Energy Supplies Allocation Board was not brought into operational existence sooner and all I have received in return is political invective. I do not believe that is good enough.

**Senator Flynn:** Speech!

**Senator Perrault:** I have a supplementary.

**Senator Flynn:** Come on, give it.

**The Hon. the Speaker:** Order! Order!

**Senator Smith (Colchester):** I rise to a point of order, Mr. Speaker.

**Senator Lamontagne:** That is better.

**Senator Smith (Colchester):** Better than what? Better than you heard from over there? Yes, a lot better.

**Senator Lamontagne:** Better than you did the other day.

**Senator Smith (Colchester):** Oh, I see. Well, I am glad the honourable gentleman thinks I am capable of reform.

**Senator Lamontagne:** You are improving.

**Senator Smith (Colchester):** I just want to draw attention to the fact, Mr. Speaker, that the rules specifically provide that questions may be preceded by brief explanations, but it is not in order to attempt to engage in debate, either in asking the question or in replying to it.

**Senator Perrault:** Or in speaking on spurious points of order.

**Senator Smith (Colchester):** This is a point of order. While I have no objection at all to the Leader of the Opposition breaching this rule and provoking a debate, I think it is perfectly in order, then, that someone on this side should be accorded the privilege of replying to him in the same sort of terms, if necessary. I am sure that we on this side would be delighted to engage in the kind of debate the honourable gentleman wants to provoke in asking this question, and we will feel it necessary, desirable, and just as much in order as his provocative remarks to do so.

**The Hon. the Speaker:** I take it that Senator Smith was addressing his point of order to the Chair.

**Senator Smith (Colchester):** I was, sir.

**The Hon. the Speaker:** In that case, perhaps I might point out that it is a point of order which I think we would all agree has been in recent years more honoured in the breach than in the observance by honourable senators on both sides. It is therefore difficult for me to make a ruling because my memory is not that short that I do not remember when I may have been offending in much the same way.

Therefore, I would merely read two rules to honourable senators, leaving it to the good judgment of the Senate as to the degree of preciseness with which these rules should be observed. The revised rule 20(4) reads:

A debate is out of order on an oral question, but brief explanatory remarks may be made by the senator who asks the question and by the senator who answers it.

Rule 32 reinforces that:

A debate shall not be in order on an oral question, but brief explanatory remarks may be made by the senator making the interrogation and by the senator answering the same. Observations upon any such answer shall not be allowed.

I think honourable senators would all agree that we have not in any way in this chamber in the last few years, so far as I can recall, attempted to enforce those rules strictly. I must, therefore, leave it to honourable senators to decide. The Senate is master of its own rules. I appreciate the fact that Senator Smith (Colchester) raised the point, because it does give me the opportunity to say that this is the position that the Chair must take, the custom of this chamber being what it is.

I would add one further remark on our rules. We do have a rule which forbids personal or taxing comments. There is another adjective which I have forgotten, but it means nasty.

**Senator Roblin:** Liberal.

**The Hon. the Speaker:** Personal comments or personal remarks about other senators are forbidden. I think at times the remarks of honourable senators do get personal, but I hasten to say that, from my observation, that applies to both sides of the chamber as I hear them.

**Senator Perrault:** Honourable senators, I want to say that all of us appreciate the opinion given by our distinguished Speaker. We appreciate it very much. I recall very well the robust questioning which was engaged in by the Leader of the Government in the Senate when he was on this side of the chamber, and at no time did we oppose it or have to retain defence counsel, such as Senator Smith, in order to protect the leader and his ministers. However, I am sure that the government leader must be very heartened to have that kind of support.

May I ask another question, however?

**Senator Flynn:** You are commenting on the ruling of Mr. Speaker now.

**Senator Perrault:** That would be the last thing I would ever intend to do.

**Senator Flynn:** Regardless of your intention, you have done it.

**Senator Haidasz:** That is a personal remark.

**Senator Flynn:** Perhaps you did not realize what you were doing, but that is something else. Let me simply tell the Honourable Leader of the Opposition, since he refers to the time when I was in his place, that I never made a speech before putting a question. The questions were robust, but I was not going all over the place as he does every day.

**Senator Haidasz:** Stop being personal.

**Senator Flynn:** I thought I heard Senator Haidasz. If he has something to say, will he not rise and say it clearly?

**Senator Guay:** On a point of order, Mr. Speaker.

**Senator Perrault:** The Leader of the Government is out of order by asking questions of the opposition.

**Senator Flynn:** On the contrary, you are out of order by discussing the ruling of the Speaker.

**Senator Perrault:** Honourable senators, again I express my appreciation of His Honour the Speaker for delivering his opinion on this matter, but I would say that in almost all cases the replies of government spokesmen are longer than any questions put from this side.

● (1450)

**Senator Flynn:** Oh, no. I challenge you.

**The Hon. the Speaker:** Perhaps I could suggest to honourable senators that we revert to the Question Period.

**Senator Perrault:** I heartily support that initiative.

#### INCREASED OIL CONSUMPTION

**Senator Perrault:** I have a supplementary question for the Minister of Industry, Trade and Commerce. As the Prime Minister has suggested a major reason for the threat of shortages in oil supply this winter is an increase in Canadian consumption, will the minister give us some details of this increased consumption? Where is it occurring, by how much is that consumption increasing, and does this mean that all of the efforts aimed at conservation have failed?

**Senator de Cotret:** The honourable senator is no doubt aware there is no question that one of the biggest problems we face in terms of oil supply and oil demand is the very rapid increase in this country of our per capita consumption of oil. There is no question that if we could appreciably reduce the annual rate of growth of the per capita consumption of crude we would be a long way towards achieving our stated goal of self-sufficiency. I shall be happy to document, with statistics, the precise rate of growth of per capita consumption, how much that means in barrels per day and how that relates to the supply situation as we see it now. I shall have to obtain the specific statistics, and I shall be very happy to bring them forward.

#### POSSIBLE SUBSIDY TO OFFSET HIGHER COST OF IMPORTED OIL

**Senator Perrault:** Finally, with respect to the possibility that Canada may have to go to the world spot market in order to obtain adequate supplies for the needs of the country, in view of the fact that spot market prices could be two or three times higher than the domestic price, does the government anticipate the need to subsidize this higher cost foreign oil from the spot market to reduce its cost to Canadians down to the level of the established Canadian price?

**Senator de Cotret:** We are not at the moment considering going to the spot market. The Minister of Energy has taken a



number of steps to ensure that we will be able to overcome the potentially difficult situation that was outlined in the most recent report from the National Energy Board, and we will certainly be in a position in the very near future to make a further and more detailed statement on the supply situation as it may evolve over the winter months.

#### IMPORTATION OF OIL BY PETRO-CANADA

**Senator Olson:** In view of a number of developments that have taken place, such as the suspension of shipments from Iran through the Gulf Oil Company, and also announcements made by Venezuela and Saudi Arabia as to their cut-backs in overall production early in 1980, has the government taken initiatives to procure substitute supplies by activating Petro-Canada?

**Senator de Cotret:** No. We have been following a responsible course of action, and one that can yield positive results. We have, for example, written to all the major oil companies in this country to obtain from them a positive statement in terms of the potential diversion of crude that might adversely affect our situation. I am happy to report that the Minister of Energy has received assurances from the oil companies that no such diversions will take place.

We have been having extensive meetings with people from Gulf Oil, and at the moment I can report that Gulf is confident that it can replace the Iranian oil by other resources to meet the level of supply that it would otherwise have had. The Minister of Energy has also been in direct contact with the provinces to see to what extent we can increase our own domestic supply over this critical period.

**Senator Olson:** Has the Gulf Oil Company given any indications as to which oil they are going to be able to divert? The reason I ask that is this: Assuming every country now buying oil under agreement is in a tight supply situation, did Gulf give the government any realistic hopes that some diversion of oil can be obtained at the agreed price—not the spot price; that is a different market—whatever it is—\$23.75?

**Senator de Cotret:** Yes, Gulf has given us a reasonable assurance that oil can be obtained by them at a price that is equivalent to the world price today.

**Senator Olson:** By world price you mean the agreed price of something like \$23.75?

**Senator de Cotret:** We do not mean the spot market price.

**Senator Olson:** I have one other supplementary question. In view of the statement of the new Minister of Energy in the Iranian Revolutionary Council—I think that is what it is called—that while Iran objects to dealing with Gulf it does not object to dealing with Canada, have any attempts been made by our government or by Petro-Canada, the agency that was set up for this purpose, to re-activate those oil flows?

**Senator de Cotret:** There was a statement made. Here I have to refer to a newspaper account of the statement made. I

put that proviso on its accuracy. There was a statement, through its chargé d'affaires, that Iran would not have any objection to dealing directly with Canadian oil corporations such as Gulf.

**Senator Lamontagne:** That is not what they said.

**Senator Olson:** I have a supplementary question, if I may—  
*Several honourable senators having risen:*

**The Hon. the Speaker:** Order. Senator Everett has a special reason for wishing to rise at this time before the supplementary. I therefore call on him.

**Senator Everett:** Mr. Speaker, if the Deputy Leader of the Opposition has a supplementary I would be interfering with his flow, if he wants to ask it. My question is not on this subject, and I should like to ask it after he has finished his supplementary.

#### NEGOTIATIONS RE IMPORTATION OF OIL FROM MEXICO

**Senator Olson:** I think I have asked this supplementary question twice, and I hope we can get an answer. Are there any serious negotiations going on between a Canadian company and Mexico? The last time the President of Petro-Canada was here he said that, because of the uncertainty of that company, their activity in attempting negotiations with Mexico have really been reduced to zero.

**Senator de Cotret:** I would have to take that question as notice. You are asking me if there are any specific negotiations currently going on between a Canadian firm and Mexico.

**Senator Olson:** Yes.

**Senator de Cotret:** I would have to take that question as notice.

**Senator Lamontagne:** You took it as notice a month ago.

**Senator de Cotret:** Was that one of your questions, Senator Lamontagne? I checked yesterday, and every question you asked has been answered. If you have a further question on this I would be very happy to give you an answer. Just rise and ask it.

**Senator Perrault:** Senator Lamontagne is right.

**Senator de Cotret:** I will check to make sure what companies are dealing on the Mexican front at this moment. As you know, I tabled, at the request of Senator Lamontagne, the energy agreement as well as the industrial co-operation agreement between Canada and Mexico that is supposed to be signed in the near future by the President and the Prime Minister. The Secretary of State for External Affairs, the Minister of Energy and I will be visiting Mexico in January to further discuss the implementation of these agreements. That is well under way, and preparations for that visit are well under way. I am not sure whether or not a specific oil company in Canada is dealing with a specific oil company in Mexico at this specific time. I shall be happy to inquire and give you a specific answer.

**Senator Olson:** I have a final supplementary question. In view of all these agreements that are going to be signed some time later this winter with Mexico, I find it almost incredible that the minister is unable to tell us whether a commercial oil package deal is not part of those agreements—something that turns into an actual commercial delivery of oil to Canada.

**Senator de Cotret:** I am the one who is astounded. I have to be really astounded, after the answer I gave the honourable senator and tabling the document. The document is very clear in terms of the implementation of the agreement, in terms of when we can expect to have deliveries of Mexican oil.

● (1500)

I am also astounded that the honourable senator is suggesting that we, as a government, should negotiate through Petro-Can an oil contract with Iran when only last week the members of the opposition were suggesting that we boycott Iran. We are dealing with a very difficult situation, one which we have been addressing since the day we took power, to ensure that we would no longer be at the mercy of international sources of energy supply. We will have an energy package that will make us self-sufficient; not an ad hoc package of ill-thought-out measures such as that of the former government, which is leading us directly into the situation in which we find ourselves today.

**Senator Olson:** Honourable senators, that is the problem that we face on this floor, with that kind of answer.

**The Hon. the Speaker:** Honourable senators, this question of multiple supplementaries is getting very difficult. It is a fact that we do not have a rule in this chamber or in our rule book that limits supplementaries. On the other hand, we do have a rule which says that the oral question period shall not develop into a debate.

This is exactly what is happening. It is not for me to say whether or not there should be a debate, but it is my responsibility to recognize other senators who wish to rise. This raises the problem of unlimited supplementaries. In one case we had one honourable senator asking nine successive supplementaries—not today—and carrying on the proceedings for 15 minutes, while other honourable senators were becoming impatient seeking the floor.

I have said before that I am not under any obligation, as I understand it, to permit unlimited consecutive supplementaries by any *one* honourable senator. Obviously, as far as possible I will not interfere, but when other senators are seeking the floor—in this case for 15 minutes—I really feel it is my responsibility to intervene and offer the floor to another senator.

The supplementaries can continue afterwards, of course. I am not trying to define a supplementary. I am only trying to protect the interest of senators who may wish to rise and enter a discussion.

**Senator Olson:** I am not getting any answers, anyway.

[Senator de Cotret.]

## MULTINATIONAL CORPORATIONS

### DIVIDENDS PAID BY CANADIAN SUBSIDIARIES TO FOREIGN PARENTS

**Senator Everett:** Honourable senators, I have a question for the Minister of State for Economic Development. I have been concerned about the magnitude of dividends paid by Canadian subsidiaries to foreign parents, and am wondering whether the pay-out ratio is seen to be increasing. I wonder if the minister could tell me whether there is any monitoring of those dividends and pay-out ratios.

**Senator de Cotret:** Honourable senators, there certainly is monitoring through Statistics Canada of the inflows and outflows on both interest and dividends. I would have to look into the most recent statistics to try to determine whether or not there has been an appreciable increase in the dividend flow from Canada to foreign countries. I do not have the information at my fingertips.

The last time that I looked at the statistics, to try to get a better fix on the development in our interest and dividends account for the balance of payments, the ratio between interest and dividends had not increased. It may even have decreased. In absolute terms I have not looked at the rate of increase in dividend payments abroad, but I shall be happy to provide the details.

**Senator Everett:** As a supplementary, the ratio I am speaking of is, of course, the ratio of dividends to net profit—what is termed the pay-out ratio. I was wondering whether there was any monitoring of individual Canadian subsidiaries of foreign companies with a magnitude of sales in excess of, say, \$250 million—have you actually monitored companies whose sales were above that amount?—as to the amount of dividends they would pay, and their pay-out ratio.

**Senator de Cotret:** I shall have to take that question as notice. I do not have the answer at present.

## ENERGY

### REDUCTION OF HIGHWAY SPEED LIMIT AS CONSERVATION MEASURE

**Senator Molson:** Honourable senators, I have a question for the Leader of the Government regarding the possibility of oil shortages. Have there been any conversations with the provinces, with any hope of success, concerning the possibility that the overall highway speed limit in Canada might be reduced to conserve our fuel supplies?

**Senator Flynn:** I know that discussions have taken place, and the question of having a speed limit, with a view to reducing consumption, is certainly one of the options.

## YUKON TERRITORY

### RESIGNATION OF COMMISSIONER—REQUEST OF COUNCIL OF YUKON INDIANS FOR REFERENCE TO SUPREME COURT OF CANADA

**Senator Lucier:** Honourable senators, I have a question for the Minister of Justice. Has the minister received a telegram



and a letter from legal counsel for the Council of Yukon Indians asking for references to the Supreme Court of Canada regarding a letter of instruction issued by the Minister of Indian Affairs and Northern Development on October 9, 1979 which led to the immediate resignation of the commissioner?

The position taken by the Council for Yukon Indians is that the actions of the minister were both unconstitutional and in violation of the Yukon Act. I believe they have obtained a legal opinion on that. I would like to know if the minister has received that letter.

**Senator Flynn:** The honourable senator was kind enough to show me the news release to which he is referring, in which it is mentioned that they had sent me a telegram. However, I have not seen that telegram. I will certainly look into that matter. They may have received a legal opinion, but I do not think it was from my department. In any event, I will look into the matter and, if it will serve any purpose, also the reference to the Supreme Court of Canada.

#### AUTHORITY OF COMMISSIONER TO SIGN ORDERS IN COUNCIL

**Senator Lucier:** As a supplementary, on December 4, Senator Flynn, in reply to a question I had asked earlier, stated:

—I have been carrying about with me for some time now the response to a question put to me by Senator Lucier on November 22. I have been holding off, waiting until he was in the house before replying.

I know that it was not the intention of the minister to give the impression that I was not in the house. I would point out that I have attended the house every day since I asked the question. I realize that I was not here at the time the minister answered the question. I do not want to have the impression left that I was not in attendance.

When I asked that question, one of the points I raised was that the minister might look into the legality of what had taken place concerning Dawson City. I have before me an order in council that was signed by the commissioner authorizing the appointment of an administrator for Dawson City.

I should like the minister to look into the legality of an order in council being signed by a commissioner. It has always been my impression—I could be wrong on this—that a commissioner signs commissioner's orders as authorized by the Yukon Act. I would like to know under what authority the commissioner has been permitted to sign an order in council.

**Senator Flynn:** I shall certainly look into that matter. I do not know whether the Government of the Yukon can pass an order in council as can the provincial governments.

In mentioning the fact that Senator Lucier was not in the house, I was indicating that he was not in the house at that time. The problem is that the question period, or discussion period—whatever one might wish to call it—sometimes takes so long that when we present delayed answers, those honourable senators to whom they are directed have lost patience.

## CUSTOMS TARIFF

### INTRODUCTION OF AMENDING LEGISLATION

**Senator Haidasz:** Honourable senators, I should like to direct a question to the government leader. In view of the fact that we have approximately only seven sitting days left before the end of this year, and in view of the fact that the first phase of the GATT tariff reductions are to begin on January 1, 1980, can the government leader tell us when a new customs tariff bill will be presented to Parliament, and by what date we shall have to deal with it?

● (1510)

**Senator Flynn:** Senator Roblin seems to be able to give that reply.

**Senator Roblin:** Perhaps I might respond to that question, honourable senators. I presume my honourable colleague is talking about Bill C-18, which is the latest set of amendments to the Customs Tariff. This measure is before the House of Commons for third reading today. If Bill C-17 receives third reading in this house today, it is intended to have royal assent. So if that happens, I think that will take care of the matter.

### GATT—NON-TARIFF MEASURES TO OFFSET LOSS IN TRADE

**Senator Haidasz:** I have a supplementary question to put to the Minister of Industry, Trade and Commerce. When can we expect new non-tariff measures on technical barriers to trade which, I believe, the government has in mind to offset any loss in trade that will come about from the new tariff reductions agreed to by Canada at GATT?

**Senator de Cotret:** I take it you are referring to the industrial and labour adjustment packages. Those packages have been under review by officials since the finalization of the round. They are before cabinet at the moment. They will be announced, as promised, before January 1.

[Translation]

## SUPPLY AND SERVICES

### ROLE OF MINISTER IN QUEBEC

**Senator Marchand:** Honourable senators, I would like to put a question to the Leader of the Government—not the Leader of the Opposition. I have it right this time!

**Senator Flynn:** A man gets used to it.

**Senator Marchand:** I would like this question to be as non-partisan as possible. Following the visit of the Prime Minister to Quebec City, I noted that there was a great feeling of optimism and joy and I tried to understand. I found the answer in the *Globe and Mail* this morning. It shows that our two cultures do complement one another very well. I read the speech made by the Right Honourable Joe Clark, who said the following:

[English]

Roch (La Salle) is responsible for our purchasing . . . (which) surpasses \$2.5 billion . . . Roch, you know, is also our political manager here and that, too, is important.

*[Translation]*

Now I understand why they were so happy. Could the Leader of the Government tell us if that optimism must be restrained or moderated?

**Senator Flynn:** Where?

**Senator Marchand:** Considering the budget of Mr. La Salle and his position as political manager in Quebec, we can understand the phenomenon which I described a few moments ago.

**Senator Flynn:** I was there when the Prime Minister made his speech and that part was in French. I understood what he said. And when he pointed out the importance of the department given to Mr. La Salle, he did not use the word "manager" but he said: "He is the political minister of Quebec." I think it is much better that he should be instead of me or Senator Asselin. Anyhow, the fact that there is new or renewed optimism in Quebec is not necessarily due to Mr. La Salle. It is mostly because the government shows that even if there is no Liberal government in Quebec, the sun still shines and it is not a disaster for Quebec.

**Senator Marchand:** Of course, with \$2.5 billion there is much hope. No answer to the white paper is necessary.

**Senator Flynn:** That budget was probably drawn up by the former government.

*[English]***TRANSPORT****CROWSNEST RATES FOR MOVING GRAIN**

**Senator McDonald:** Honourable senators, I should like to pose a question to the Minister of Industry, Trade and Commerce. It concerns the so-called Crow rate for moving prairie grain to market.

Last April 18 when the now Prime Minister of Canada was speaking in the city of Weyburn, Saskatchewan, he stated that the Crow rates would stay, period. Since that time the Minister of Transport, on several occasions—and especially on one occasion in Calgary this fall—talked about preserving the benefits of the Crow rates without talking about preserving the rates themselves.

I am wondering whether the minister can now, or after conversation with the Minister of Transport, assure this house that the Crow rates for moving grain from the prairies to the export markets will remain, and that there will be no increase in freight charges to the producers of those grains.

**Senator de Cotret:** I will be happy to discuss the matter with the Minister of Transport, who is also the minister responsible for the Wheat Board, and then report back to the Senate.

**Senator McDonald:** May I ask a supplementary question? It is my understanding that the minister will be speaking to, I believe, the Palliser Wheat Growers Association in Calgary early in the new year. It is also my understanding that some announcements in this regard will be made then. I sincerely hope that the reply to my previous question will not be

following that meeting but prior to it, as I think we ought to be aware of what commitments are going to be made prior to that speech being made in Calgary.

**Senator Flynn:** You do not want him to make a speech?

**Senator McDonald:** He can make all the speeches he likes, but he should tell us first.

**Senator Flynn:** Why?

**Senator Steuart:** Why not?

**Senator de Cotret:** I will be happy to take that matter up with the minister and report back to the chamber.

**FOREIGN AFFAIRS****ZIMBABWE-RHODESIA—CANADIAN ROLE IN CONSTITUTIONAL CRISIS**

**Senator Macquarrie:** Honourable senators, I should like to direct a question to my long-time, learned and usually genial friend, the Leader of the Government. It does not concern the situation in Iran where, in my opinion, the Secretary of State for External Affairs is demonstrating the strength, wisdom, restraint and consistency of which we are all very proud. My question deals with something much more positive on the international scene, namely, the situation in Zimbabwe-Rhodesia, where it looks as if a united Commonwealth initiative could be very helpful to the people of that area. I am sure that he, like myself, welcomes the Commonwealth initiative and believes that it should not be left to Britain alone to develop policies which could be helpful.

Could I ask the Leader of the Government to tell us of the consultations between the British and Canadian governments as to the part Canada might play in placating the serious difficulties which have been prevailing for far too long in the area?

**Senator Flynn:** I may say that the compliments the honourable senator has paid to me are not sufficient to make me obtain an answer for him today. I will take the question as notice.

*[Translation]***ENERGY****POSSIBILITY OF DESIGNATING CANADIAN COMPANY TO NEGOTIATE PURCHASE OF FOREIGN OIL**

**Senator Lamontagne:** Honourable senators, I should like to direct two supplementary questions to the Minister of State for Economic Development. Since our oil supplies from Iran have been cut off, because Gulf Canada is nothing more than a subsidiary of an American corporation, could the government ask a truly Canadian corporation to negotiate our oil supplies with foreign countries?

**Senator de Cotret:** The answer is no.

**Senator Lamontagne:** I beg your pardon?

**Senator de Cotret:** The answer is no.



**Senator Lamontagne:** That is why Canadian sovereignty over oil imports from foreign countries no longer exists. So, how can the Canadian government hope to negotiate a new deal?

A supplementary question.

**Senator de Cotret:** I thought that was your question.

**Senator Lamontagne:** It was a comment.

**Senator de Cotret:** I would perhaps rather answer the comment, if I may.

Once again I should like to stress one point with regard to our foreign supplies. First of all, concerning Gulf, as I said a moment ago it assured us that, to the best of its knowledge, it could obtain supplies elsewhere. It would find supplies equal to those coming from Iran.

However, in the case of Iran, I fail to see why I should be told today that we need a crown company to ensure our sovereignty in connection with supplies coming from Iran when last week your party told us, even before Iran cut off anything, that we should stop trading with that country. So I fail to see the point of it all. Something is illogical somewhere.

**Senator Lamontagne:** My question is in no way limited to Iran because we know full well that the same problem exists with Venezuela, and as of now with Mexico. In any event, I am not speaking on behalf of the other Liberals. Different views can exist in our ranks as they do in yours. But, answer my question.

**Senator Flynn:** There are more differences of opinion now than before!

**Senator de Cotret:** I think I have answered your question. You asked me if I foresaw a role for a crown company, a state company in this field, and I answered no, I did not see one.

**Senator Lamontagne:** In other words, you would rather Canada continued to depend on American multinationals to negotiate the purchase of supplies from abroad?

**Senator de Cotret:** No, not at all. I said no to a public agency in that area. We said many, many times that we wished a corporation such as Petro-Canada belonged to Canadians, which would have an important role in the energy field in Canada. We also talked about an increased contribution by Canadians in the development of energy resources during the next decade. We talked of the fundamental need, not to establish a corporation that will guarantee foreign supply, but the fundamental need for Canada to become self-sufficient in energy supply by 1990. That is what we aim at in our policies.

**Senator Lamontagne:** I am willing to wait patiently until 1990 to see the results, but there is no doubt supply shortages will occur at the end of 1979 or the beginning of 1980.

## INTERNATIONAL TRADE

### AGREEMENT TO PURCHASE OIL FROM MEXICO

**Senator Lamontagne:** I should like to put a last supplementary to the Minister of State for Economic Development.

Last November 6 I asked him if oil deliveries to Canada from Mexico would begin at the end of 1979, as indicated in the protocol agreed to several months ago by the two governments.

The minister said then that he would answer later. Could he now say what progress has been made in the negotiations between the two countries, negotiations which he said last October 30 were not necessary and which, according to the Canadian ambassador to Mexico, had not begun on October 30? However, they have been intensive since the Conservative Party came to power, according to the statements the Right Honourable Prime Minister made, in the other place yesterday afternoon.

**Senator de Cotret:** I will certainly give you a full report on the progress of the negotiations, how matters stand and which corporations and agencies are involved. I will give you every possible detail.

**Senator Lamontagne:** Dates also, if possible.

**Senator de Cotret:** Dates also, yes, with pleasure. I should like to make just a small correction. In your preamble you said there is no doubt there will be supply shortages before the end of 1979. I can say this: without doubt there will be no supply shortages in 1979, none.

**Senator Lamontagne:** At the beginning of 1980.

• (1520)

[English]

## ENERGY

### CAPE BRETON ISLAND—FINANCING OF DONKIN COAL MINE

**Senator Muir:** Honourable senators, my question is for the Minister of Economic Development. Let me assure honourable senators that my question is entirely non-political.

**Senator Perrault:** That's a change.

**Senator Muir:** Having read *Debates of the Senate* for many years before I came here, I was utterly shocked today to think that someone on the other side might suggest that there should not be anything about politics mentioned in this chamber.

My question, however, is with regard to future energy potential. It specifically concerns a commitment made by both the previous government and the present government about the opening of a new coal mine, the Donkin coal mine on Cape Breton Island. May I ask the honourable minister how soon we may be in a position to hear some news from the present government—the other government promised it for years and years, although I suppose if I say that I am being political; I am sorry—or an announcement with regard to the finances that are required and a possible date for a start to be made?

I realize that the honourable minister, as brilliant as he is, and as well as he does in this chamber, does not carry everything in his head. If he can take this question as notice, however, and let us know something about the matter at the next sitting, I shall be grateful.

**Senator Thériault:** Seeing where the question comes from, I wouldn't be surprised if the minister has the answer in his back pocket.

[Translation]

**Senator de Cotret:** Pardon me, does the honourable senator have anything to add?

[English]

**An Hon. Senator:** Proceed.

**Senator de Cotret:** No, but if anybody would like to add anything, I would be very happy to sit down.

**An Hon. Senator:** Touché.

**Senator Thériault:** I was simply saying that the minister probably has the answer in his back pocket; that's all.

**Senator de Cotret:** Honourable senators, I will be very happy to answer Senator Muir's question right now. As a matter of fact, I had discussions only last evening with the minister responsible for regional economic expansion, and somewhat less recently with the provincial government, on the Donkin mine situation. I am happy to report that the matter is now before cabinet. I expect a very early decision by my cabinet colleagues on the committee on economic development. It will be discussed in the very near future—within the next few days—and I believe we will be in a position to make an announcement on that question in a matter of weeks, certainly not in a matter of years.

[Translation]

## EMPLOYMENT AND IMMIGRATION

### REFUGEES FROM INDOCHINA—REDUCTION IN GOVERNMENT SPONSORSHIP

**Senator Thériault:** Honourable senators, I have a question for the Leader of the Government in the Senate. My question is about an article in today's *Le Devoir* entitled "Ottawa abandons refugee sponsorship". I would simply like to ask him whether there is a new policy with respect to sponsoring, in addition to the one announced a few months ago under which 50,000 refugees would be admitted into Canada provided half of them, or 50 per cent, be by private institutions. The article says the government seems to have changed its mind.

So could the Leader of the Government tell us or take my question as notice and inform this house as soon as possible?

**Senator Flynn:** The maximum number of 50,000 refugees still remains our objective. The response of the private sector, that is sponsoring by the private sector, has been so extraordinarily enthusiastic that it no longer seems necessary for the government to continue to sponsor half of the expected 50,000 refugees. But the saving of \$1,300 the government will be able to make on every refugee it does not have to sponsor will be diverted toward help for the Cambodian refugees.

**Senator Thériault:** Did the Leader of the Government say \$1,300 or \$13 million?

**Senator Flynn:** Thirteen hundred dollars per refugee. That is what it is costing the government, \$1,300 per refugee. The

[Senator Muir.]

amount that could be saved on the Vietnam refugee program will be used to help the people in Cambodian refugee camps.

**Senator Thériault:** Honourable senators, a supplementary because the article in *Le Devoir* said in part, as mentioned by the ministers, Mr. Atkey and Miss MacDonald, and I quote:

One of the reasons behind the decision was that too many letters from voters to politicians expressed some dissatisfaction with the admission of refugees.

Could the leader inform us and report to this house whether that is the main reason behind the change in the government's policy?

**Senator Flynn:** I am not personally aware of that kind of letter. I did not receive any. I heard that many people had written about that, perhaps to other ministers. But whether it was a factor, that is possible. In any case, I will ask the Minister of Employment and Immigration.

● (1530)

[English]

## GRAIN

### TRANSPORTATION POLICY

**Senator Molgat:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. The minister replied last week to a question I asked previously about a proposed meeting in Winnipeg on grain transportation. His reply then was that a meeting would be held in mid-December. I understand there is a meeting of some kind called for Monday next, and I am wondering whether that is the meeting he was referring to, and, if so, whether it includes the same participants who were at the meeting held in early January of this year, again a meeting that had been requested by the Manitoba government.

**Senator de Cotret:** I shall have to take the question as notice. I shall check the list of participants to determine who exactly will be in attendance and whether or not they are the same as those at the meeting in early January.

## AGRICULTURE

### INVESTIGATIVE STUDY OF CANADIAN EGG MARKETING AGENCY

**Senator Molgat:** Honourable senators, some time ago the Minister of Agriculture indicated that he had asked the National Farm Products Marketing Council to conduct an investigation into CEMA. Can the Minister of Industry, Trade and Commerce indicate now whether that study has been completed?

**Senator de Cotret:** To the best of my knowledge, that study has not yet been completed. I will make inquiries and, if it is in fact completed, I shall inform the honourable senator when it was completed and, if not, the stage it is at. As far as I know at this time, it has not been completed.



## ENERGY

### IMPERIAL OIL LIMITED—ANNOUNCED INCREASE IN PRICE OF GASOLINE

**Senator Flynn:** Honourable senators, I undertook yesterday to determine whether or not a meeting had been arranged with the President of Imperial Oil for the purpose of discussing the proposed price increase for gasoline in this country.

I am happy to be able to tell the Leader of the Opposition that the Minister of Energy, Mines and Resources will be meeting with the President of Imperial Oil tomorrow, Friday, at which meeting he will request, on behalf of the government, that Imperial Oil present full details to justify the proposed price increase. If those representations do not justify the increase, the government will suggest to Imperial Oil that any increases be reconsidered.

## CRIMINAL CODE

### ABORTIONS—REPORT OF STATISTICS CANADA

**Senator Flynn:** Honourable senators, I have a response to Senator Haidasz' question respecting abortions in Canada. Senator Haidasz, on November 29 last, expressed his concern on this issue, as I do, and I have inquired of officials of my department and of the Department of National Health and Welfare as to the validity of statistics published last week on therapeutic abortions.

Senator Haidasz is correct in his statement that the latest report from Statistics Canada shows that the total number of therapeutic abortions performed on residents of Canada increased by 8.2 per cent in 1978 over 1977. However, this figure is still less than the 10.5 per cent increase recorded in 1976.

When one looks at the trend over the past several years, both the annual increase in the total number of abortions and the abortion rate appear to be levelling off. It is true, as well, that in the United States and the United Kingdom, where more liberal abortion legislation was enacted in 1967, the figures show almost no change in the abortion rate over the last few years.

The lower increase in the absolute number of abortions performed on Canadian residents in Canada and the decrease in the number of therapeutic abortions performed on Canadian residents in the United States, both suggest a levelling off in the number of abortions obtained by Canadians.

I also wish to inform the honourable senator that I have not yet received a brief from the Campaign Life Canada group. However, I have contacted that organization and they have agreed to forward me a copy of their brief, which I shall be interested in reading.

## FISHERIES

### RESTRICTION ON TRAWLER FISHING IN GULF OF ST. LAWRENCE

**Senator Flynn:** Finally, honourable senators, I have a response to a question put by Senator Marchand and Senator Thériault—

### [Translation]

—regarding trawlers of 100 feet or more in the Gulf of St. Lawrence.

In answer to Senator Marchand on November 8, I stated that permits of this kind would apply only for the year 1980 and that according to experts from the department there was no danger with respect to stock levels by granting this permit.

As to the 1980 season, no decision has yet been taken. An announcement to that effect will soon be made.

When that decision was taken observers were placed aboard these trawlers to make regular reports on the situation. According to the reports of these observers there have been no problems, no irregularities, no complaints. Senator Thériault said that the 6,000 metric tons quota may have been exceeded. The information I have is that so far the catch has reached a level of only 3,000 metric tons.

**Senator Marchand:** Honourable senators, may I ask for some clarification?

You talked about the 1980 season. Do you actually mean this fall—obviously the season is almost over—or next spring and next fall?

**Senator Flynn:** I meant 1979, so I should have said the fall of 1979. My mistake. I apologize.

I think that closes the matter.

### [English]

## STANDING RULES AND ORDERS

### FIRST REPORT OF STANDING COMMITTEE—POINT OF ORDER

**The Hon. the Speaker:** Honourable senators, at the outset of this afternoon's sitting I undertook to discuss at this time the matter raised in connection with certain comments made by Senator Bosa at our sitting of December 4. I shall not dignify what I have to say with the title of a ruling. As honourable senators will see as I proceed, it is, rather, a non-ruling.

Honourable senators will recall that at the conclusion of the debate on the Second Report of the Committee on Standing Rules and Orders, Senator Bosa rose and said:

—I wonder if I may have your permission—

He was addressing honourable senators.

—to raise a matter on a point of clarification.

I took it, and I take it now, that the word "permission" would generally be interpreted as asking for leave, and that leave was granted. Therefore I find that Senator Bosa was at that point in order, with the possible exception of an interpretation of the rule which states that one day's notice is required for a statement, although that rule, I must say, is not all that clear. In any event, I took it then, and take it now, that he was in order at that time.

Then certain honourable senators rose to suggest that Senator Bosa was out of order because, in the words of Senator McDonald, his remarks were in reference to a motion already passed. Senator Roblin then said:

The fact is that the Senate has disposed of that matter—

And later on Senator Smith (Colchester) made the same point, that being that the matter had been disposed of by the Senate.

The matter referred to, of course, was a motion by Senator Neiman, properly seconded, that the report be referred back to the committee which had made that report to the Senate.

The difficulty arose because Senator Bosa, in his opening remarks, said:

● (1540)

Senator Neiman proposed an amendment at the end of her remarks, which is highly contradictory according to my interpretation. I just wonder whether the Senate was not too hasty in adopting that amendment which has now put us into a dilemma.

I take it, therefore, the point of order is whether Senator Bosa was, at that point, entitled to make a comment on a matter which had been disposed of by the Senate or, alternatively, a comment on the way in which it had been disposed of by the Senate.

I find there is nothing in our rules to cover this matter other than the possibility of notice, which I think would not be applicable because, I take it, Senator Bosa sought leave. The only rule that I can find that would seem to be applicable is rule 47(1) which, I imagine, is the one that honourable senators were relying upon when they objected to the comments made by Senator Bosa.

Rule 47(1) reads:

A motion shall not be made which is the same in substance as any question which, during the same session, has been resolved in the affirmative or negative, unless the order, resolution, or other decision on such question has been rescinded as hereinafter provided.

I would say that that rule is not applicable because there was no motion before the Senate at that time. Senator Bosa merely rose and said he was going to make some comments. Some honourable senators may not have liked the comments but, so far as I can find, there is nothing in our rules that would prevent his making that comment.

Having said that, I would have to add—as some honourable senators will immediately remind me—that there is a general practice that, if it does not prohibit, it at least discourages, comments, particularly adverse comments, in a chamber such as this concerning an action taken by the chamber.

This is a non-ruling because I can find no rule which would prohibit an honourable senator rising, with leave, and, having the leave of the Senate, saying almost anything he wishes as long as it is not personal, taxing or sharp. I thought honourable senators might be interested to note that our rule prohibits them, in theory at least, from being “sharp” in their questioning.

This is the general situation. Therefore, if honourable senators will accept it, this is a non-ruling and merely an explanation of the situation as I see it.

[The Hon. the Speaker.]

**Senator Donahoe:** Most of the questions from the other side are not very sharp.

**The Hon. the Speaker:** I think it all comes down to this: We do have rules which call for notice of actions taken by honourable senators. It has not been the custom here to pay very much attention to those rules. Over and over again honourable senators ask for leave, which is granted without honourable senators even knowing what they are granting leave for.

To perhaps avoid a recurrence of this situation, I would suggest to honourable senators that they carefully consider whether they need to ask leave when, obviously, notice would be required under our rules. The reason for this, of course, is so that senators can determine whether the matter, as raised, is in order.

### CUSTOMS TARIFF THE NEW ZEALAND TRADE AGREEMENT ACT, 1932 AUSTRALIAN TRADE AGREEMENT ACT, 1960 THE UNION OF SOUTH AFRICA TRADE AGREEMENT ACT, 1932

**Senator Macdonald** moved the third reading of Bill C-18, to amend the Customs Tariff and to make certain amendments to The New Zealand Trade Agreement Act, 1932, the Australian Trade Agreement Act, 1960 and The Union of South Africa Trade Agreement Act, 1932.

Motion agreed to and bill read third time and passed.

### INCOME TAX ACT CANADA PENSION PLAN BILL TO AMEND—SECOND READING

Leave having been given to proceed to Order No. 5:

The Senate resumed from Wednesday, November 7, the debate on the motion for the second reading of Bill C-17, to amend the statute law relating to income tax and to amend the Canada Pension Plan.

**Senator Lang:** Honourable senators, I do not wish to detain you long on this this afternoon, particularly as we had the benefit of an explanation of Bill C-17 from Senator Hayden when he presented the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of the bill.

This is the first time I have addressed a bill in this house as a member of the opposition. I find it rather interesting that it should be a bill that originated in the House of Commons when I was a senator on the government side. This presents somewhat of a conundrum so far as taking an opposition stance is concerned.

I do think, however, it is important for us to briefly review the history of this legislation and note how it does reflect on the workings of our parliamentary system.

A ways and means motion was introduced in the other place by the Honourable Mr. Chrétien, the Minister of Finance, on November 16, 1978; a further ways and means motion was



introduced by him in the House of Commons on January 25, 1979; and then Bill C-37, the antecedent legislation of the bill we have before us today, came to first reading in the House of Commons on January 29 of this year.

Fortunately, at that time, the Senate authorized the Banking, Trade and Commerce Committee to pre-study this bill. That authorization was given to the committee on January 30, 1979. The committee proceeded to study the bill in accordance with its mandate and, on March 8 of this year, made a report to this house.

Bill C-37 then died on the order paper at the dissolution of Parliament, and its successor comes before us now having had first reading on October 25 last and having been pre-studied again by the Standing Senate Committee on Banking, Trade and Commerce in accordance with an authorization given by the Senate on November 1.

Honourable senators, to judge the merit of this legislation, I think a good yardstick to use is the extent to which it represents the recommendations of the Standing Senate Committee on Banking, Trade and Commerce in its March 1979 report.

First, with respect to the small business deduction sections, I would note the following: This bill implements the committee's recommendations with regard to an objection it laid out at that time, that the definition to be accorded to "qualifying businesses" and to "non-qualifying businesses" was to be spelled out by regulation rather than incorporated in the bill. This has been a tendency in recent years, and one which the Senate has always strongly opposed.

● (1550)

Fortunately, that recommendation and criticism has been met by incorporating those definitions in the legislation—and very important they are, too, to maintain parliamentary supremacy in this area.

Following Bill C-37 much concern was expressed in respect of the exclusion, from the small business tax rate, of professional people, and certainly the service industries and particularly services with regard to the provision of management. As a consequence, the government revised its position and created a new tax rate covering those categories of people. The new rate was 33½ per cent compared to 48 per cent, which is what it would otherwise have been.

That is basically in conformity with the comments made by your committee, and it does do away with the discriminatory nature inherent in the original proposal. As a matter of fact, several of your committee's recommendations were not met, specifically those with respect to the number of employees required to qualify a business for the small business tax rate, and those with respect to corporations having capital invested at risk or in intangible assets, and which your committee thought should also be recognized for small business tax deductions. However, on balance, this bill is a significant improvement over the bill that we had before dissolution, and its main thrust is in line with the committee's recommendations.

I should like just briefly to mention the matter of term preferred shares. The difficulties encountered after Bill C-37 was introduced in the House of Commons were recognized by the previous government and they have been recognized by this government. Basically, as Senator Hayden has said, it was a question of definition—definition that would be accurate but would avoid, particularly, retroactivity affecting business structures that had been put in place under the old act and had been continued under the new bill. At that stage the Minister of Finance came before us and gave nine specific undertakings with respect to the bill we have today in order to meet the objections that your committee had to the definition of "term preferred shares", and to meet the objections that witnesses had raised during the hearings before your committee.

This bill is not perfect. I would certainly like to see improvements to it. Quite a few of your committee's recommendations, which were not of major significance, were not dealt with in this bill. In other words, they are not recommendations that go to the root of the legislation in such a way as to warrant in any fashion attempting to amend or to delay the passage of the bill.

It is important that this legislation pass this chamber and become law before the Minister of Finance delivers his budget next Tuesday. I assume, although I am not certain of it, that unless that is the case the new ways and means motion will supersede this piece of legislation. For that reason, and also because your committee has been seized of this bill for a lengthy period of time in one form or another and on two references from this chamber, I recommend its passage.

Please bear in mind, honourable senators, that the Minister of Finance made commitments before the committee, and I am sure some of those will be incorporated in his budget next Tuesday night. In view, therefore, of the lengthy history of pre-study and the reports flowing from that, I hope no one will require this bill to go back to committee for further study after second reading. I hope also, honourable senators, that the bill receives quick passage here. If it is the wish of the Senate, it is my hope that the bill will receive third reading today.

**Senator Perrault:** Hear, hear.

**Senator Roblin:** Honourable senators—

**The Hon. the Speaker:** Honourable senators, it is my duty to inform the Senate that if the Honourable Senator Roblin speaks now, he will close the debate on the motion.

**Senator Roblin:** Honourable senators, as no one else wishes to speak now, I will take advantage of the opportunity to close the debate with a brief word or two on this subject.

It is a little bit like a work of supererogation for me to attempt to add much to what we have heard today in connection with the bill that is before us, because, when Senator Hayden made his comments on the tabling of the report, we had the advantage of his detailed and technical survey of the matters that are in the bill. Further to that, we have just heard from Senator Lang an equally well-qualified and balanced description of the bill and the background that preceded its discussion here today.

I really do not know how I could improve on the information placed before us by these two gentlemen. It would perhaps be suitable for me to say that if ever one wanted a working model of the advantages of the prestudy system on the subject matter of a bill—in this case the type of bill that Senator Hayden has pioneered over several years—one could scarcely do better than to look at the history of this piece of legislation, because, as Senator Lang said, it has been studied by the Standing Senate Committee on Banking, Trade and Commerce on two occasions on the basis of a prestudy reference. As a consequence, the committee has been able to go into the details of the bill without feeling that it was being crowded in respect of its consideration of the matter.

I, for one, appreciate very much the way in which this system works to the general advantage of the Senate, and I am pleased to be able to say so. I also want to add a note of thanks to the chairman and the members of the committee. In the last few weeks, not only in connection with this bill but in connection with Bill C-14 and others that have been before the committee, they have been the absolute soul of diligence. I could not expect any group of men to have worked at their task more conscientiously nor more steadily than this committee has done. Although I am a member of it myself, I would like to say that the glory does not belong to me; it belongs to the other members of the committee and the chairman who leads it. I should like to say to them that their co-operation and diligence in discharging their function would be hard to beat.

• (1600)

**Hon. Senators:** Hear, hear.

**Senator Roblin:** I think this says something about the spirit in which we try to discharge our duties here in the Senate.

I must say that the bill is much better than the first model we saw, namely, Bill C-37 of the last session. It was agreed at the first round last year, particularly in connection with the small-business-deduction problem and the delegation-of-legislation-to-regulation problem, that the Senate committee was not pleased, and it presented some very firm recommendations about that. Some people will think perhaps that it goes a bit far to have to have a dissolution and a new government in order to get the changes made, although I expect some would say that the old government would have made them anyway, and I am quite willing to say that might well have been the case.

In any event, the bill is much better than it was, and I think it is due in large measure to the efforts of the Senate that it is a better bill, because to a great extent it is the measures that have been proposed by the Senate and its committee that have been adopted and that have resulted in a better piece of legislation.

Even so, as Senator Lang fairly and accurately said, there are still some things to be done before the Senate committee is going to be completely satisfied. I cannot say whether we will reach the happy stage of complete satisfaction, but I do know that we had some pretty substantial undertakings from the minister with respect to matters that were important to us, and I think we may confidently expect to see those dealt with in

[Senator Roblin.]

the legislation that will be forthcoming after the budget. There were other matters on which he did not give us quite so firm a feeling of his intention, but I am confident that, since he told us that he will give serious consideration to these other matters for which he could not give a firm undertaking at the moment, we may expect him to respond in the spirit in which the proposals were put forward by the members of the committee and their adoption by members of this house. I merely say that this represents, I think, a good piece of work on the part of this body.

I thank Senator Lang very much for the suggestion that, in view of the committee's work, it is not necessary to refer the bill back to the committee. That is my feeling too. In fact, I would go so far as to suggest that if the bill receives second reading in a few minutes, as I hope it will, we go to third reading right away, with leave of the Senate, so that we may have royal assent to this bill and to Bill C-18 this evening.

Motion agreed to and bill read second time.

#### THIRD READING

**The Hon. the Speaker:** When shall this bill be read a third time?

**Senator Roblin:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be now read a third time.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

#### ROYAL ASSENT

##### NOTICE

**The Hon. the Speaker** informed the Senate that the following communication had been received:

RIDEAU HALL  
OTTAWA  
GOVERNMENT HOUSE

December 6, 1979

Sir,

I have the honour to inform you that the Honourable Roland A. Ritchie, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will



proceed to the Senate Chamber today, the 6th day of December, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,

Sir,

Your obedient servant,  
Edmond Joly de Lotbinière  
Administrative Secretary to the  
Governor General

The Honourable

The Speaker of the Senate,  
Ottawa.

### SAFE CONTAINERS CONVENTION ACT

BILL REFERRED BACK TO THE STANDING SENATE COMMITTEE  
ON TRANSPORT AND COMMUNICATIONS

On the Order:

Resuming the debate on the motion of the Honourable Senator Macdonald, seconded by the Honourable Senator Roblin, P.C., for the third reading of the Bill S-5, intituled: "An Act to implement the International Convention for Safe Containers".—(*Honourable Senator Smith (Colchester)*).

**Senator Smith (Colchester):** Honourable senators, I understand from the Deputy Leader of the Opposition that there may be some desire on his part or that of some of his colleagues to make some comments on this bill. If so, I would ask the Senate for permission to yield to him or his colleagues, reserving my right to enter the debate later on if that should be appropriate and agreeable.

**The Hon. the Speaker:** Is it agreed, honourable senators, that Senator Smith (Colchester) yield to Senator Olson?

**Hon. Senators:** Agreed.

**Senator Olson:** Honourable senators, if I may rise on a point of order it will probably simplify the matter of the participation of Senator Smith (Colchester) in the debate on the motion before us for third reading of Bill S-5.

I have searched the Rules of the Senate, I think rather thoroughly, and they do not give an indication of the precise nature by which the third reading of a bill must take place. Let me explain. They do not say, for example, as some of the authorities do, that on the third reading of a bill it may not be amended. What they do say is that it may be amended in any manner that it is capable of being amended on second reading. However, if you search those authorities still deeper you will find that, by and large, in most legislative assemblies the purpose of third reading is either to vote in favour of the bill or to reject it, or to send it back to the committee for further consideration.

The fifth edition of *Beauchesne* makes some prohibition against such things as attaching instructions to the committee when an amendment is moved on third reading, or when there is a motion to refer the bill back to the committee. I say that because I am not trying to make the argument that an amendment could not have been moved by Senator Haidasz, if

it was, in fact, an amendment, a clause, or some clauses, in the bill. My understanding, however, is that what he was seeking to do was to add a condition to the bill when it was sent to the other place, without changing or amending the substance of the bill in the committee.

I have some problems with this as well, because if the bill is referred back to the committee for further consideration, it seems to me that Senator Haidasz, or any other senator, would have some difficulty in moving an amendment that would achieve what he explained to this chamber he wanted to do, namely, to amend it in such a way that some additional inspectors are made available to the Canadian Transport Commission, I believe, to make sure that the administrative effect of this bill is indeed carried out. As he explained, he was impressed by their argument that there was an insufficient number of person-years to do that.

● (1610)

From my reading of our rules, it is not within the competence of the Senate to move an amendment to a bill that would result in an increased charge on the treasury.

It was generous of Senator Smith (Colchester) to read the unrevised or unedited transcript of the committee meeting because it explained the context in which Senator Haidasz was under the impression that what he had in mind could be done on third reading.

I support unreservedly the ruling of His Honour the Speaker that these riders or conditions, or whatever we might wish to call them, cannot be included or attached to a bill when sent to the Commons. His Honour indicated that the practice had been tried in the past, and it appeared that the message had not been communicated to the members of the other place. I am not arguing that point. We now have a ruling that will be used as a precedent, and it seems to me that in fairness to the position taken in committee the bill should be referred back for further consideration.

Senator Haidasz is now aware of the Speaker's ruling and will know that what he had in mind simply cannot be achieved on third reading. By returning the bill to committee for further consideration it would remove—I do not wish to use too strong a word—the somewhat misguided advice that the senator received in committee, because it is now clear that what he was attempting to do cannot be done on third reading. The matter can be discussed further in committee.

**Senator Smith (Colchester):** Honourable senators, I take it that we are not engaged in a debate at the moment, but rather in a discussion of the point of order. I have no objection, as chairman of the committee, to having the bill referred back for further consideration, if that is the wish of the Senate. I am sure that the Deputy Leader of the Opposition, when he cast some doubt on the accuracy of the advice given to Senator Haidasz, did not mean to infer that the chairman had given that advice.

**Senator Olson:** Certainly not.

**Senator Smith (Colchester):** I had felt that Senator Haidasz, when he rose on third reading, was under a misapprehension. I believe it would be in the interests of treating the

senator fairly if the matter were referred back to committee. I should not like anyone to have any misunderstanding of what might happen in committee. I do not know what other position I can take except the one that I have taken. That would be the position I would expect to take, unless someone could convince me that I should alter it. Nevertheless, it is only fair and reasonable that Senator Haidasz should have the opportunity to do what he can before the committee.

**Senator Olson:** Honourable senators, I do not have the precise wording before me, but I would like to move, seconded by Senator Perrault:

That the bill be not now read the third time but that it be referred back to the Standing Senate Committee on Transport and Communications for further consideration.

**The Hon. the Speaker:** It is moved by the Honourable Senator Roblin, P.C., seconded by the Honourable Senator Macdonald, that this bill be now read the third time.

In amendment, it is moved by the Honourable Senator Olson, P.C., seconded by the Honourable Senator Perrault, P.C., that this bill be not now read the third time but that it be referred back to the Standing Senate Committee on Transport and Communications for further consideration.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Motion in amendment agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT

Leave having been given to revert to Notices of Motions:

**Senator Roblin:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move, seconded by the Honourable Senator Macdonald, that when the Senate adjourns today it do stand adjourned until Tuesday, December 11, 1979, at 2 o'clock in the afternoon.

Motion agreed to.

## FOREIGN AFFAIRS

### COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

**Senator Roblin,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock in the afternoon on Tuesday next, December 11, 1979, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

● (1620)

## LEGAL AND CONSTITUTIONAL AFFAIRS

### NOTICE OF COMMITTEE MEETING

**Senator Roblin,** with leave of the Senate and notwithstanding rule 45(1)(a), moved:

[Senator Smith (Colchester).]

That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit at four o'clock in the afternoon on Tuesday next, December 11, 1979, even though the Senate may then be sitting, and that rule 76(4) be suspended in relation thereto.

**Senator Donahoe:** Honourable senators, before the question is put, I would like to inform the chamber that the exact hour for commencement of this meeting has been changed, and a notice will be going forward to indicate that the committee will meet when the Senate rises on Tuesday afternoon.

**Senator Roblin:** In that event, I ask permission to withdraw the motion.

**The Hon. the Speaker:** Honourable senators, is it agreed that the motion be withdrawn?

**Hon. Senators:** Agreed.

## CANADA

### PROPOSED CHANGE OF GEOGRAPHICAL NAMES TO REFLECT ITALIAN ORIGIN OF EARLY EXPLORER

**Senator Bosa** rose pursuant to notice of Thursday, October 25, 1979:

That he will call the attention of the Senate to the desirability of recommending to the government that efforts be made, in consultation with the provinces concerned, to have the name of Giovanni Caboto restored as the place name for the geographical areas in Canada that have been named after John Cabot in order to make the ethnic origin of this early Italian explorer more apparent and better known throughout Canada.

He said: Honourable senators, I am pleased to have the opportunity to bring to the attention of Canadians the importance of restoring the name of Giovanni Caboto, the discoverer of Canada, to those geographical areas which are now known by the anglicized version of his name, John Cabot. Some of those geographical areas so named are: Cabot Lake, in Labrador North District, Newfoundland; Cabot Strait, connecting the Gulf of St. Lawrence and the Atlantic Ocean; Cabot Trail, a loop road on the northern part of Cape Breton Island, Nova Scotia; Cabot, a railway point west of Winnipeg, Manitoba; Cabot Head, on Georgian Bay, Ontario; and Cabot Lake in New Quebec Territory, Quebec. There may be other such places, but I do not think it is necessary that I name them all in order to make my point.

I am sure honourable senators share the view that it is important that names be recorded properly and accurately in our history books. It is not suggested that the name of Giovanni Caboto was deliberately anglicized for devious reasons.

A quick glance at the *Cabot Voyages* and *Bristol Discovery under Henry VIII*, works issued by the Hakluyt Society, second series No. CXX, 1961, will reveal that they contain a number of documents relating to Caboto, one of which, No. 17, is a petition on behalf of "John Caboto, citizen of Venice, Lewes, Sebastyan and Sancio, his sonnys" for letters patent, and so forth. This document strongly suggests that, just before



his presumed death in 1498 during his second voyage, John Caboto was the version of his name preferred by the navigator himself. For some time the career of Giovanni Caboto and that of his son Sebastian were confused by historians. It is true that Sebastian himself claimed to have been born in England rather than Venice, because in 1548 he fled the service of Spain and returned to England. Charles V of Spain sought his extradition, and Sebastian adopted English nationality to avoid being returned to Spain against his will. This fact, together with a lack of stringent rules for accuracy, has definitely led to this confusion, a confusion that persists to this day.

Considerable research has been done in this area by Mr. Samuel Eliot Morison, as illustrated in his recent work *The European Discovery of America: The Northern Voyages A.D. 500-1600*, (New York, Oxford University Press, 1971). Mr. Morison also contends that the navigator wanted to be known by his name, Giovanni Caboto. Aside from other considerations, which I will explain in a moment, this fact alone warrants changing his name.

Let me say that, by restoring his name to the original spelling of Giovanni Caboto, we are not changing history, nor are we taking credit away from anyone. Caboto's first voyage might not have taken place in 1497 had it not been for the wisdom of King Henry VII. The king saw the merits of Giovanni's plan and he recognized his ability and talent to search for a new route to the Indies. The king put at Giovanni's disposal a ship called *The Matthews*, with a crew of 22, so that he could accomplish his mission. Giovanni landed, according to some historians, on what is now known as Cape Breton Island. He took possession of the land in the name of King Henry VII. This is history, and these are the facts, and no one can change them.

Let us now look at the question of accurately spelling the navigator's name from a different perspective. In Canada there are approximately one million Canadians of Italian origin, a great many of whom go back one or more generations. Many others came to Canada during the past 30 years. I arrived in Toronto on April 28, 1948, having been sponsored by my father, who had already been a 20-year resident of Canada. He left Italy when I was six months old; that was in 1927. I met him for the first time when I arrived here.

The knowledge that one's predecessors have played a significant role in the discovery of this country instills in one a feeling of pride. Others have participated in different areas and at different times in the history of Canada. Some of those would be: The navigator and explorer, Giovanni da Verrazano in 1524; De Lasalle's assistant, Enrico Tonti, in 1678; The Governor of Trois-Rivières, Captain Grisafi, in 1703; Brigadier General Carlo Burlamacchi, third in command to General Montcalm; Joseph Marini, a high-ranking officer wounded in the battle of the Plains of Abraham in 1759. I could go on, but for the purpose of making my point I need go no further.

Canada is a nation of immigrants or descendants of immigrants. There are many other members of minority groups who were present in Canada from the early stages of its history.

During the period of the French regime, a small number of blacks, Germans, Irish, Portuguese, Italians, Scots and Spaniards, to mention a few, had settled in Canada. At the time of Confederation, non-French and non-British Canadians constituted about 8 per cent of the total population of Canada. By 1911 that proportion had risen to 15 per cent. It is known in the 1970s that they constitute approximately 30 per cent of the total population.

There are several examples of communities and geographical areas that have been named after members of minority groups. Some of these are:

Alberni, British Columbia: the city, port and canal were named in 1971 after Don Petro Alberni, a captain in the Spanish army, who commanded the Spanish soldiers sent to occupy Nootka in 1790.

Almonte, Ontario, situated just outside of Ottawa, is named after General Juan Almonte, a Mexican military and political figure who was Mexican Ambassador to Washington.

Amundsen Gulf, in the Beaufort Sea area, is named after the great Norwegian explorer Roald Amundsen, who commanded the first Atlantic passage of the Northwest in 1903-1906.

Bering Strait is named after the Danish navigator Vitus Bering, who in 1725 was assigned by the Czar, Peter the Great, the task of determining whether Asia and North America were joined land.

● (1630)

Esterhazy, Saskatchewan, is named after Count Esterhazy, an Hungarian nobleman who settled some of his countrymen in the district.

Hanover, Ontario, is named after the many German pioneers from the German principality of that name who settled in the vicinity.

Juan de Fuca Strait is named after its discoverer, Apostolos Valerianos, a Greek pilot in the service of Spain under the name of Juan de Fuca.

Labrador, Newfoundland was discovered by the English of the town of Bristol on the directions they received from John Fernandes, a Portuguese from the Azores, nicknamed "Labrador".

In St. John's, Newfoundland, there is a monument to honour Gaspar Corte-Real, a Portuguese explorer who reached Placentia Bay in 1501.

Sir Casimir Gzowski, a Polish nobleman, was knighted in 1890 for his valuable services to Canada.

The Dutch gave us Cornelius Krieghoff, whose famous paintings depict life among Indians and Quebec farmers.

These are just a few of the examples which signify involvement of members of minority groups in the history of Canada. These historical facts should be taught at the elementary school level, alongside the history of the French, the British and the Indians.

Just think of the feeling of commonality that it would instill in our children at a very early age. It would strengthen

national unity and would give our children a better perspective of what Canada is. They would be better prepared to overcome racial barriers.

Private enterprise should also be encouraged to play a part in this important and sensitive area. I was pleased to be invited to a meeting last Monday by Mr. Garrick and Mr. Delabarre, the general manager of the C.N. tower, in Toronto, and general manager of the C.N. tower restaurant, respectively, at which they announced they are planning a month-long "Salute to Italy" from April 3 to May 4, 1980. A "Salute to France" took place during the month of May 1979, and a "Salute to Japan" one year earlier. These salutes are a wonderful way of promoting the tower. They also have some very beneficial effects.

It has been the practice of the management of the tower hitherto to make space available, free of charge, to interested parties for exhibitions pertaining to products, art, travel, customs, *et cetera*. Mr. Garrick was receptive to the idea I advanced, that on this occasion it would be desirable to focus attention also on the involvement of Canadians of Italian origin in the history of Canada. He thought he might interest some corporations in financing the necessary research and preparation for such a project. We should encourage initiatives of this kind, because they focus attention on the positive aspects of our society.

I am not saying that changing a name or giving a higher profile to certain aspects of history are going to eliminate all our problems. This approach would be simply an initial but positive endeavour in the long process of coming to grips with the various aspects of the problems that confront a complex society, and it would show the sensitivity that Canadians feel towards their fellow Canadians by recognizing each other's roots in this land.

There are some people who have difficulty in understanding a simple concept. They make the mistake of considering pride in one's own cultural heritage as being un-Canadian. They associate it with political affiliation with the country of origin. To disprove this notion, I draw the attention of honourable senators to the classic example of the Canadian-Ukrainian community. Canadians of Ukrainian origin have shown their determination to maintain their culture. It was the weight of their intervention that changed the concept of a bicultural society, advocated by the Pearson government in the mid-sixties, to the concept of a multicultural one. Can anyone dispute their loyalty to this land and their genuine feeling of patriotism for Canada? Look at how well they have integrated in Canadian society. There are at this time two prominent cabinet ministers of Ukrainian origin in the Canadian government, and even our Governor General has some Ukrainian blood in his veins.

It is not a question of one-upmanship, nor is it a question of changing history to suit the needs of the moment. It is a question of recognizing that the texture of Canadian society

has changed dramatically in the recent past, and our history books should reflect that change by recognizing the legitimate contributions made to Canada's history by anyone, regardless of ethnic background. The teaching of history should endeavour, wherever possible, to give us a greater sense of awareness of each other's contribution.

To that end, I urge honourable senators to support a recommendation to the government that efforts be made to have the name of John Cabot restored to its original spelling, Giovanni Caboto, for the reasons I have stated.

On motion of Senator Macquarrie, debate adjourned.

The Senate adjourned during pleasure.

### ROYAL ASSENT

The Honourable Roland A. Ritchie, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable Roland A. Ritchie, Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk of the Senate.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the statute law relating to income tax and to amend the Canada Pension Plan.

An Act to amend the Customs Tariff and to make certain amendments to The New Zealand Trade Agreement Act, 1932, the Australian Trade Agreement Act, 1960 and The Union of South Africa Trade Agreement Act, 1932.

An Act to confirm the authority of the Federal District Commission to have acquired certain lands.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, December 11, at 2 p.m.



## APPENDIX

(See p. 513)

## STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

REPORT ON THE SUBJECT MATTER OF BILL C-17, "AN ACT TO AMEND THE STATUTE  
LAW RELATING TO INCOME TAX AND TO AMEND THE CANADA PENSION PLAN"

December 5, 1979

On Thursday, October 25, 1979, Bill C-17, intituled "An Act to amend the statute law relating to income tax and to amend the Canada Pension Plan" received first reading in the House of Commons. This Bill is intended to implement the Ways and Means Motion relating to the *Income Tax Act* tabled by the Minister of Finance on October 23, 1979.

By resolution of the Senate on November 1, 1979, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine and consider the subject-matter of the Bill in advance of the Bill coming before the Senate, or any matter relating thereto.

In accordance with the Order of Reference, your Committee has received and considered the said Bill C-17 arising from the Ways and Means Motion and in connection with such consideration has engaged the services of Mr. Charles Albert Poissant, C.A. of Thorne Riddell & Co., Chartered Accountants, and retained as its counsel, Mr. Thomas S. Gillespie of Ogilvy, Renault. The Committee has received written submissions from the Canadian Dental Association, Polysar Limited and the law firms of McCarthy & McCarthy on behalf of Petrosar; Scales, Ghiz, Jenkins and McQuaid on behalf of Harbourside Developments Limited; Stapells & Sewell; Miller, Thomson, Sedgewick, Lewis & Healy; and Fraser & Beatty. It has also discussed the Bill with officials from the Department of Finance, Dr. E. P. Newfeld, Assistant Deputy Minister, Tax Policy and Federal-Provincial Relations Branch, Mr. R. Alan Short, Director, Tax Policy Legislation and Mr. John Haag, Special Adviser, Tax Policy and has heard The Honourable John C. Crosbie, Minister of Finance.

Subject to certain exceptions, Bill C-17 reproduces the clauses of Bill C-37 which received first reading on January 29, 1979 and which subsequently died on the order paper. Your Committee's report on Bill C-37, tabled in the Senate on Thursday, March 8, 1979, contained a number of recommendations. Several of the recommendations related to the small business deduction and your Committee is pleased to note that substantial changes are proposed by Bill C-17 in this area, which changes reflect several of your Committee's recommendations. Your Committee is also pleased to note that Bill C-17 proposes to eliminate the retroactive application of Clause 50 of Bill C-37 which proposed to tax lump sum dispositions arising on the termination of life annuity contracts issued between January 1, 1978 and November 16, 1978—thereby adopting another recommendation of your Committee. Other

recommendations of your Committee in its report on Bill C-17 are reviewed below. The Bill also introduces a number of technical amendments to the provisions of Bill C-37 relating to income bonds and term preferred shares. These amendments are also reviewed in detail later in this report.

The report is divided into two parts: Part One deals with Income Bonds and Term Preferred Shares and the intention of the Minister of Finance to introduce amendments relating thereto with his December 11, 1979 budget; Part Two deals with the small business deduction and the recommendations made by your Committee with respect to Bill C-37 and which are not reflected in Bill C-17 and which the Minister has indicated he will give consideration.

## PART ONE

## Income Bonds and Term Preferred Shares

Bill C-37 proposed substantial changes in the income tax treatment of interest paid on income bonds and dividends paid on term preferred shares. The general thrust of these changes was to tax interest paid on income bonds as interest (not as dividends as was the case heretofore) and to deny any deduction to specified financial institutions with respect to dividends received on shares with terms of less than 10 years. These types of securities had been considered for tax purposes as equity investments, although they were essentially debt obligations. As a result, income earned by financial institutions on such securities was being received as tax-free dividends rather than as fully taxable interest.

The experience of National Revenue since November 16, 1978 concerning income bonds and term preferred shares indicated amendments were necessary and such amendments are reflected in Clauses 36, 66 and 67 of the Bill. Many of the amendments contained in Bill C-17 have retroactive effect or cause unnecessary hardship and will have to be amended further. The necessity for further amendment has been discussed at length with officials of the Department of Finance and the Minister. The Minister has undertaken before the Committee to introduce amendments with his forthcoming budget and has indicated to the Committee the general nature of these amendments.

The following is a review of those amendments your Committee feels necessary as they relate to term preferred shares. In some instances, corresponding amendments will have to be made respecting income bonds.

(1) Clause 36 proposes to add subsection 112(2.2) to the Act which would deny any deduction in respect of dividends on shares acquired after October 23, 1979 if a financial institution is or may be required to acquire the shares at any time or provide any form of guarantee, security or covenant providing protection with respect to such shares.

Your Committee is aware of several instances where banks, in anticipation of amendments to the *Bank Act*, have caused their subsidiaries to issue preferred shares to the public. In the event the Bank Act is amended to allow banks to issue preferred shares, such banks will exchange their preferred shares for the preferred shares of their subsidiaries. Pending such exchange, the banks have given certain protective covenants with respect to the preferred shares of their subsidiaries. The effect of the amendments proposed by Clause 36 would be to deny any deduction to taxpayers acquiring shares with such protective covenants after October 23, 1979 with respect to dividends received thereon.

(2) Subclause 66(7) of the Bill defines a term preferred share. Subparagraph (a)(i) of the definition defines a term preferred share to include those shares that may be redeemed, acquired or cancelled or their paid-up capital reduced within 10 years of the date of their issue.

The effect of this provision would be to include financial institutions from investing in the "put" market. That is to say, they could not acquire options which give the holder thereof the right to oblige a third party to acquire shares from them at a determined price. Your Committee sees no reason why financial institutions should be precluded from investing in the put market for shares listed on prescribed stock exchanges.

(3) Subparagraph (a)(iii) of the definition defines a term preferred share to include any share whereby the issuing corporation or any other person may be required to redeem, cancel or acquire the share within 10 years of issue, unless it is pursuant to a requirement of the corporation to redeem, acquire or cancel annually not more than 5% of the shares of the class. Your Committee is aware that many such requirements incorporate a cumulative feature. That is to say, if a corporation is unable to acquire any shares in any year, it may cumulate its right to acquire the shares in succeeding years. It is understood that the Department of National Revenue takes the position that this subparagraph, as drafted, provides for cumulative purchases. Your Committee is not confident that this is the better interpretation. It is recommended that the word "annually" on line 50 of page 96 of the Bill be replaced with the phrase "in respect of any year" in order to provide more clearly for a cumulative feature.

(4) Your Committee can envision an anomalous situation arising from the drafting of subparagraphs (i) and (ii). That is to say, should a share redeemable within 10 years of its issue remain outstanding after 10 years from its issue, it will still qualify as a term preferred share. It is recommended these subparagraphs be amended to limit the application of the definition to the first 10 years from the date of a share's issue.

(5) Subparagraph (a)(iii) includes in the definition of a term preferred share shares issued after November 16, 1978 if the issuing corporation or any other person provides or may be required to provide any form of covenant "providing protection with respect to the share". Such expression is clearly too broad. If a financial institution were to acquire a share issued after November 16, 1978 with one or more of the usual covenants attaching to preferred shares, it would not be permitted a deduction for dividends received on the share. The following are examples of standard covenants applying to preferred shares:

- (a) the corporation will not issue shares ranking in priority to or *pari passu* with the share without the holder's consent;
- (b) no dividends will be paid on common shares unless all arrears of dividends on preferred shares have been paid;
- (c) holders of preferred shares may vote in the event of arrears of dividends.

Such covenants provide protection with respect to preferred shares but should not disqualify financial institutions from being entitled to deduct dividends from their income.

(6) Financial institutions owning shares acquired in the ordinary course of business and giving them control or the contingent right to acquire control of the issuing corporation will not be entitled to deduct dividends received on such shares (subsection 112(2.1) as proposed by Clause 36 and paragraph (b) of the definition of a term preferred share as proposed by subclause 66). Your Committee has several concerns with respect to these provisions. Firstly, it is concerned with the use of the expression "ordinary course of business". It is difficult to define what constitutes "ordinary course of business" for financial institutions. Banks and other financial institutions regularly invest their surplus funds and such activity could well be considered to be "in the ordinary course of business". Similarly, shares acquired by a venture capital division or subsidiary of a financial institution could be considered to be "acquired in the ordinary course of business" of that division or subsidiary. Such activities should not disallow the dividend deduction available to a financial institution. Secondly, your Committee can conceive of instances where financial institutions might invest either alone or together with one or more other financial institutions in shares which might, inadvertently or not, give them a contingent right to acquire control, such as in the case of failure to pay dividends for a specified period.

(7) Your Committee feels that paragraph (g) and subparagraph (h)(i) are too broad as drafted. As presented in the Bill, any minor amendment to an "established agreement" (defined to mean an agreement made before November 17, 1978 to issue a share) or any agreement relating to such share might change the share's status to a term preferred share.

(8) Subparagraph (h)(ii) of the definition provides that if the owner of a share could at any time after November 16, 1978 require, either alone or together with others, the redemption, acquisition, cancellation, conversion or reduction of the paid-up capital of the share (except on a default) unless the



share was listed on a prescribed stock exchange, the share would be deemed to have been issued after November 16, 1978 other than pursuant to an established agreement. Thus, shares issued prior to November 17, 1978 which were retractable (i.e., redeemable at any time at the option of the holder) would be considered to be term preferred shares. This is legislation of a retroactive nature which adversely affects the taxpayer and is the kind of legislation which the Committee has consistently opposed.

(9) The effect of subparagraph (h)(iv) is to deem a share issued before November 17, 1978 or pursuant to an established agreement to have been issued after November 16, 1978 other than pursuant to an established agreement if after October 23, 1979 the share is acquired from a non-financial institution by a financial institution. In other words, financial institutions would be prevented from acquiring certain shares from non-financial institutions (unless they are prepared to accept the undesirable tax consequences). This provision would adversely and retroactively affect certain transactions which took place prior to October 23, 1979.

It is evident that much in the way of remedial amendment is necessary to cure the defects noted above. Bill C-17 has been passed by the House of Commons and the Minister has requested that it be passed by the Senate prior to the delivering of his budget on December 11, 1979. There is clearly insufficient time to amend the Bill in time for passage prior to December 11, 1979.

As a result, the Minister has come before the Committee and has given the following statements:

1. Amendments will be introduced with the Bill giving effect to the December 11, 1979 budget to ensure that the provisions of C-37, as drafted, will apply for the period between November 16, 1978 and October 23, 1979 and the provisions of Bill C-17 will apply after October 23, 1979. The net effect will be to remove any element of retroactivity in the application of the proposed amending provisions of Bill C-17.

2. Subparagraph 7(a)(iii) of Clause 66 defining a "term preferred share" will be amended to clarify what kinds of covenants will be acceptable.

3. Subparagraph (h)(iv) will be amended so as to make it clear that those shares that have been owned by financial institutions and are sold to non-financial institutions will not cease to be grandfathered when they are sold back to financial institutions, other than in the case of a sale by a financial institution after October 23, 1979 with a commitment to repurchase. Shares sold before October 23, 1979 or shares reacquired other than pursuant to a buy back arrangement will still be subject to the grandfathering protection.

4. The definition of term preferred shares will be amended to exclude common shares from its application.

5. Subsection 112(2.2), as proposed by Clause 36, will be amended to exclude from its application shares issued by financial institutions or their subsidiaries.

6. Consideration will be given to excluding shares listed on prescribed stock exchanges from the definition of term preferred shares. This would be done by regulation pursuant to paragraph (f).

7. The Committee has been informed that the 5% redemption feature in subparagraph 7(a)(ii) is being interpreted by Revenue Canada to apply in a cumulative manner and that they will administer the Act accordingly. The Committee has also been informed that Revenue Canada will administer paragraph (g) and subparagraph (h)(i) of subclause 66(7) to apply only to those kinds of changes contemplated by subparagraphs (h)(ii) to (h)(iv) inclusive. Should it become apparent to your Committee that Revenue Canada is not administering these provisions in the manner indicated, they will introduce amendments accordingly and with retroactive effect.

8. A review will be made of the grandfathering measures contained in subparagraph (h)(ii) to determine whether changes to this provision would be justified.

9. Similar amendments will be introduced to the definition of income bonds, where applicable.

Recognizing that the Committee has not had the opportunity of reviewing and commenting on any of the proposed amendments, the Minister has given the following additional undertaking:

10. Should it be apparent that the legislation to be introduced with the December 11, 1979 budget, giving effect to the foregoing undertakings, is incomplete or should subsequent interpretation thereof by the Department of National Revenue, Tax Review Board or the courts not be in accordance with the intent as expressed by these undertakings, further amendments will be introduced with subsequent bills to amend the *Income Tax Act*.

## PART TWO

### Small Business Deduction

The former Minister of Finance indicated when tabling his Bill C-37 that the small business deduction was an incentive granted for the expansion of small businesses which were carrying on an "active business". The small business deduction was meant to apply only to those businesses meeting this objective and amendments were necessary to prevent further abuses. More particularly, some professionals, artists and athletes were arranging their affairs solely to take advantage of the lower rate of tax. Others were diverting their investment income through corporations to obtain a similar benefit.

Under the proposals introduced by Bill C-37 in the November 1978 budget the benefits of the special corporate tax rate for small businesses would have been denied to three categories of business income: professional income, the income from certain personal services and income from the provision of certain management and other administrative services.

These types of business income would have been taxed at rates of approximately 48% rather than at the special rate of approximately 25% for small businesses.

A new business tax rate of 33½% has been introduced by Bill C-17 for any Canadian-controlled private company engaged in any of the three categories of businesses described above and which are defined in the Bill to be "non-qualifying businesses". For this purpose, the professional group, which originally included doctors, dentists, lawyers and accountants, will be expanded to include veterinarians and chiropractors.

The approach adopted by Bill C-17 will generally ensure that when the corporation pays a dividend the amount of tax for which a shareholder will receive credit will approximate the amount of tax actually paid by the corporation. As a result, a shareholder will be in approximately the same position if he draws the corporation's income as salary or as dividends.

Corporations retaining earnings in the business will enjoy a tax deferral since the tax rate of 33½% is lower than the personal income tax rate on taxable income in excess of \$15,000.

It was envisaged in Bill C-37 that the low rate of tax was to be restricted to "qualified business" to be defined by regulation. Draft regulations were made available for study. Your Committee was strongly opposed to the definition of "qualifying business" and "non-qualifying business" being included in the regulations rather than in the Act. In this respect your report said:

"First and foremost, the Committee strongly objects to definition of "qualifying business" and "non-qualifying business" being included in the regulations. While the inclusion of such definitions in the regulations has the advantage of providing a more flexible definition of what constitutes active business, it confers upon the government the power to tax in an arbitrary (and clearly indirect) manner. It is a fundamental principle that the power to tax should be reserved to Parliament alone. Your Committee feels that the definition of what constitutes an active business should be confined to the Act."

Bill C-17 now under study reflects this recommendation by proposing to insert in the Act itself the definition of "active business" and "non-qualifying business" (subclause 38(6)).

The new rate will be applicable immediately for newly formed corporations (subclause 38(8)). Corporations in existence on October 23, 1979 will be subject to the new rules for years commencing after 1979. This will permit corporations in existence on October 23, 1979 to arrange their affairs so that they may benefit from the new reduced rate of 33½% instead of being subjected to the high rate of 48%. It is understood the Minister of National Revenue will be prepared to allow corporations that wish to reorganize in the light of these amendments to change their fiscal year-ends in 1980.

The new reduced rate of tax of 33½% will not be accorded to "specified investment businesses". "Specified investment

business" is defined in subclause 38(6) to mean a business the principal purpose of which is to derive income from property (including income from rental of real property), unless the corporation employs in that business throughout the year more than five full-time employees excluding (a) shareholders that own 10% or more of the shares and (b) persons related thereto.

Several recommendations made by your Committee relating to the small business deduction have not been reflected in Bill C-17. Your Committee's report on Bill C-37 stressed the fact that the requirement of five full-time employees for service corporations was too broad and might cause unnecessary hardship in some instances. For example, firms engaged in the research and consulting fields often have less than five full-time employees but are required to hire a considerable number of employees for specific projects and on a part-time basis. Such firms should but would not qualify for the small business deduction. Furthermore, the inability to consider a specified shareholder or related persons as full-time employees would be inequitable in the case of closely held family run corporations. There might be situations where a corporation had more than five full-time employees but because some of them were children of the principal shareholders, the corporation would be taxable at the full rate.

Your Committee also suggested that corporations having capital invested or at risk in tangible assets which generate business income should be entitled to the small business deduction.

The Committee feels the Bill C-17 proposals to be a significant improvement. However, the Committee considers the proposals contained in Bill C-17 relating to the small business deduction to be arbitrary and discriminatory (Why should "non-qualifying businesses" include doctors but not engineers?) and add to the complexity of our income tax system.

#### RECOMMENDATIONS OF THE COMMITTEE RESPECTING BILL C-37

Reference was made earlier in this report to those recommendations of the Committee which have been accepted and reflected in Bill C-17. The following recommendations made with respect to your Committee's study of the subject-matter of Bill C-37 are not reflected in Bill C-17. Several of these recommendations were also made in your Committee's report on Bill C-56 dated June 27, 1978.

1. The investment tax credit should be extended to used aircraft.

The officials from the Department of Finance have indicated that they do not wish to so extend the investment tax credit as it would be too selective and discriminatory. To extend the credit to all used equipment would be too costly and inconsistent with the objectives of the investment tax credit, namely to increase employment in the equipment manufacturing sector and to provide a stimulus for transportation companies to upgrade their assets.



2. Interest on money borrowed to purchase annuities should be deductible.

The Minister has indicated that he is concerned that to allow a current deduction for interest incurred on borrowings to acquire deferred annuities would greatly expand the amounts taxpayers could contribute, without regulated limits, to deferred income schemes. This would be very costly in terms of lost revenues and would be viewed by many as an unjustified tax shelter. This continues to be his view by many as an unjustified tax shelter. This continues to be his view even in recognition of the Committee's recommendation that such annuity payments would be required to commence no later than the date on which the annuitant becomes 75 years of age.

There are means available to taxpayers with security portfolios to obtain a deduction in an indirect manner. Taxpayers without security portfolios will be disadvantaged and in almost all cases they will be taxpayers in the lower income brackets.

3. Interest paid before 1978 on policy loans should increase the adjusted cost basis of a policyholder's interest in a policy.

The officials from the Department of Finance have argued that interest was deductible in cases where loans were taken for business purposes and to permit the addition of interest to the adjusted cost basis of a policyholder's interest in a policy would amount to a double benefit. They asserted there would be a double benefit in respect of interest paid on non-commercial loans if the interest were added to the adjusted cost basis of the policy. The Committee pointed out that it was seeking to have the same treatment given to interest payments made before 1978 as after 1977. That is to say, interest payments made on non-commercial loans should be added to a taxpayer's adjusted cost basis if he or the insurance company can establish proof of payment.

The Committee has heard no satisfactory explanation why taxpayers should not be entitled to increase the adjusted cost basis of their policies if either they or the insurance companies have records available.

The Minister has asked his officials to reexamine this matter to determine whether interest should or should not be added to a taxpayer's adjusted cost basis.

4. There should be no commutation of RRSP benefits at death if the beneficiaries are the children of the deceased; rather, the children should be taxed on the benefits with the option of deferring tax through the purchase of income averaging annuity contracts.

The Bill (subclause 46(3)) provides limited relief. If there is no surviving spouse, the portion of a plan passing to a child or dependant grandchild equal to \$5,000 multiplied by the number of years until the child reaches 26 years of age will be included in the child's income. Dependants dependent on the deceased by reason of physical or mental infirmity will have the full amount included in their income. The Committee feels this relief is not sufficient as in most cases large portions of the

RRSP benefits will be taxable in the hands of the deceased at prohibitive rates.

5. Persons receiving any form of disability pension should be entitled to mature their RRSP's before age 60.

The Committee has been advised that consideration is being given to amending the definition of disability in the Canada Pension Plan. The Committee will review carefully these amendments when presented as it has found that the present definition of disability is too restrictive. The Committee feels that a person receiving any form of disability pension should be entitled to mature his RRSP before reaching age 60. Should they not qualify for a disability pension, they should be entitled to mature their RRSP if their disability "is total and permanent, such as to prevent an employee from continuing active employment, and is so certified by a medical practitioner" (Information Circular 72-13R5 relating to employee's pension plans).

6. Termination payments should qualify for RRSP rollover treatment.

It is often difficult to characterize amounts received by an employee on termination of employment. The amounts may be considered for tax purposes to be retiring allowances or termination payments. It is felt that the same rollover options should be available in respect of both otherwise an employee may find himself subject to unforeseen tax penalties if he makes the wrong determination. The Committee feels that an employee should be entitled to "rollover" a termination payment into an RRSP as well as an IAAC.

7. The recommendations of the Trust Companies Association respecting options available at the maturity of an RRSP should be considered further by the Minister.

The Minister has indicated that all the foregoing recommendations will be carefully considered in the process of developing future tax policy and, where considered appropriate, included in future budgets.

#### Conclusion

The Committee wishes to express its appreciation for the services rendered by Messrs. Charles Albert Poissant and Thomas S. Gillespie.

Your Committee has examined and considered the subject-matter of Bill C-17 in accordance with its terms of reference. Its concerns are noted above but in view of the statements given by the Minister to the Committee and given the Minister's desire to complete passage of the Bill before his forthcoming budget, the Committee recommends to the Senate that the Bill be favourably considered without amendment.

Due to the circumstances related above, we do not recommend any amendments to the Bill.

Respectfully submitted,

SALTER A. HAYDEN,  
*Chairman.*

## THE SENATE

Tuesday, December 11, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### APPROPRIATION BILL NO. 2, 1979-80

#### FIRST READING

**The Hon. the Speaker** informed the Senate that a message had been received from the House of Commons with Bill C-29, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1980.

Bill read first time.

**The Hon. the Speaker:** Honourable senators, when shall this bill be read a second time?

**Senator Roblin**, with leave of the Senate, moved that the bill be placed on the Orders of the Day for second reading later this day.

Motion agreed to.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Budget-related paper entitled "Government of Canada Tax Expenditure Account—A conceptual analysis and account of tax preferences in the federal income and commodity tax system", dated December 1979, issued by the Department of Finance.

Report by the National Energy Board respecting the reasons for decision in the matter of applications under Part VI of the National Energy Board Act, dated November 1979.

Revised Capital Budget of The St. Lawrence Seaway Authority for the fiscal year ending March 31, 1980, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1979-3205, dated November 22, 1979, approving same.

Copies of Order in Council P.C. 1979-3356, dated December 6, 1979, appointing Mr. John Meisel as member and chairman of the Canadian Radio-television and Telecommunications Commission.

Report on the administration of the *Canada Pension Plan* for the fiscal year ended March 31, 1978, pursuant to section 118, Chapter C-5, R.S.C., 1970.

Report of expenditures and administration in connection with the *Family Allowances Act* for the fiscal year

ended March 31, 1978, pursuant to section 14 of the said Act, Chapter F-1, R.S.C., 1970.

Report of expenditures and administration in connection with the *Old Age Security Act* for the fiscal year ended March 31, 1978, pursuant to section 26 of the said Act, Chapter O-6, R.S.C., 1970.

● (1400)

### INCOME TAX

CREDIT IN RESPECT OF MORTGAGE INTEREST AND PROPERTY TAX—REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE TABLED AND PRINTED AS AN APPENDIX

**Senator Hayden:** Honourable senators, I desire to table the report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of Bill C-20, to amend the Income Tax Act and to provide a tax credit in respect of mortgage interest and homeowner property tax. I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this day to form part of the permanent records of this house.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

(For text of report see appendix, p. 549)

● (1410)

## QUESTION PERIOD

[English]

### ENERGY

MULTINATIONAL OIL CORPORATIONS—REQUEST FOR HIGHER SUBSIDY

**Senator Perrault:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. A report on the front pages of a number of Canadian journals today is cause for a good deal of concern. May I quote from this report, which I understand is now on the wire services:

Despite record-breaking profits this year, Gulf and other oil giants are refusing to import costly crude which could offset any home heating oil and gas shortages this winter.

The report goes on to say:

A top federal energy adviser, who asked not to be identified, said Monday the refusals are all part of a plot



by multinationals to force the government into handing out more compensation for such costly purchases.

The report continues:

The extra crude would have to be purchased on the "spot market," where a barrel of oil costs about \$50, compared to the \$23 paid when deals are negotiated in advance.

Today, companies such as Gulf receive \$3 in compensation from the government for every barrel bought on the spot market. The federal official said the multinationals have joined together and started lobbying for an \$11 subsidy for every barrel purchased.

While Gulf spokesman... would not say Gulf was demanding \$11 a barrel in compensation, he did admit his company "is asking the government to look at the compensation program to ensure that we can get through the difficult periods."

"But they (the government) are crazy to think that we'd even consider buying on the spot market today"—

The federal official is quoted in the article as saying, "the fact that Gulf, for one, is going to double its profits at the expense of the Canadian public this year just doesn't seem to enter into their decisions." The article says that the spokesman "agreed his company is expecting record profits of more than \$300 million this year, up from last year's \$171 million."

My question is: Is it true that certain multinational oil companies, some of them bloated with profits, are so insulated from the needs of Canadians, especially those living on the east coast of Canada, that they would even contemplate this kind of reported blackmail?

**Senator de Cotret:** The answer, honourable senators, is: Certainly not to my knowledge. You have talked at great length about an unidentified spokesman and an unidentified official.

**Senator Perrault:** I am only quoting the report.

**Senator de Cotret:** That would certainly seem to indicate that they are quite a bit in the dark as to what is happening at the moment.

We have been in touch with the oil companies; we have been in touch with the provinces. The Minister of Energy, Mines and Resources has spoken about the question of energy diversion. He has talked about the question of supply. We have had, to date, very good co-operation from all those concerned.

You have also mentioned the petroleum supply position in eastern Canada. Obviously, we have been monitoring that very closely. Although there has been a significant stock buildup throughout 1979 inventories of main products in the Atlantic provinces, as of the beginning of October that still had not reached desired levels. The overall stocks of gasoline, heating oil, diesel fuel and heavy oil were about 4.5 per cent below last year's level. However, in the fourth quarter refineries in the Atlantic provinces are planning on importing and running over 330,000 barrels a day of crude oil. That is well above last year's imports for the same quarter, as well as the average

crude imports in the Atlantic provinces in 1979. According to refiners' programs, imports at this rate should bring product stocks to the desired level by year-end.

Just to complete the answer, I should like to read briefly from a statement made by the energy minister of Nova Scotia. The Honourable Ron Barkhouse said yesterday that figures compiled by his department indicate that the Atlantic provinces have enough heating oil in storage and in transit to prevent shortages this winter. He said:

There is only a very remote possibility that shortages could arise should some of the crude in transit be diverted.

We are monitoring the situation closely, and I would deny, to the extent of my knowledge, the reports that were quoted by the honourable senator.

**Senator Perrault:** I thank the minister for bringing this information to the notice of the Senate.

#### LABOUR DISPUTES AT OIL REFINERIES

**Senator Perrault:** Honourable senators, another report over the weekend suggested that a lockout in Montreal's Petrofina refinery could lead to a lockout of workers at other Montreal refineries and to serious oil shortages in Quebec. I take it that there is no governmental concern that this will measurably affect the oil supply situation?

**Senator de Cotret:** Honourable senator, there is concern; there is always concern about reported disruptions or potential disruptions either in our supply of imported crude oil or in the refinery activity in Atlantic Canada or in Quebec. That concern has given rise to a careful monitoring of the situation in Quebec.

We have been in touch with the officials of Petrofina, Texaco, and Shell in order to ascertain the exact situation as it now exists in Montreal. In the Petrofina situation where there is, to my understanding, a lockout, we are assured that managerial personnel can maintain the output of the refinery at normal levels. We are also assured that in other situations with other refineries around the city the situation is calm, and that there is no immediate threat of either a lockout or a strike.

There is also a technical problem in the Shell refinery with one of their major pieces of equipment. I can't remember the exact name of it, but it was mentioned in the press this morning. We checked on that, and we expect it to be back to full capacity by this Thursday. We are following the situation closely and, for the moment, there is no reason for alarm.

**Senator Perrault:** While I think many honourable senators are gratified with the view of the minister that the report that I read at the outset of the question period may not be accurate, I know that all of us would appreciate any further information the minister may be able to bring to the Senate regarding an "unidentified spokesman" described in the article. I should like to say to the minister, that there is no suggestion by the opposition that there has been wrongdoing by the government with respect to the matter. However, when unidentified spokesmen, identified only as "top federal energy advisers,"

purport to speak to the press on behalf of the government, it is a matter which should be taken up by the government to determine whether there are leaks from the department and whether there is any validity to the reported accusations.

I would therefore ask the minister to bring further information to the chamber when he is able to ascertain all the facts.

**Senator de Cotret:** I can assure the honourable senator that his concern over this type of leak is surpassed only by my own concern, and I will certainly endeavour to look into this matter.

## THE ECONOMY

### MONITORING OF PROFITS RESULTING FROM INCREASES IN INTEREST RATES AND OIL PRICES

**Senator Frith:** Honourable senators, I should like to ask a question arising out of the first question posed by the Leader of the Opposition. Part of his question dealt with the matter of what appear to the Canadian people to be undue profits reaped by the oil companies. Some weeks ago I asked the minister what criteria were being applied in the government's monitoring of those profits. I wonder if he could tell us when we might expect to find out what criteria the Department of Finance uses in deciding whether oil company profits are undue.

**Senator de Cotret:** I undertook, honourable senator, to obtain an answer to that question. I have not received the answer in my office as yet, but as soon as I do I shall be more than happy to provide the details of the monitoring process.

● (1420)

**Senator Frith:** Would the minister also at the same time ask the Department of Finance when they might be expected to produce that answer to him, so that he in turn can produce it for us and for the Canadian people?

**Senator de Cotret:** Yes.

## ENERGY

### ATLANTIC PROVINCES—GULF CANADA LIMITED—EFFECT OF DIVERSION OF OIL SHIPMENTS

**Senator McElman:** Honourable senators, my question also relates to the undue profits and practices of some of the oil companies, and I direct it to the same minister.

Two weeks ago it was reported that Gulf Canada had diverted some 400,000 barrels of crude, destined for its refinery at Point Tupper in Nova Scotia and the east coast market, to the European Community spot market. As the minister is well aware, Gulf Canada is the company that has now been cut off from Iranian supplies, and could thereby reflect a shortage, particularly of heating fuel, for the Atlantic provinces this winter.

My question is: As the government calculates the subsidies to be paid out of the Canadian treasury to east coast refineries, would it take into account the spot market profit that obviously must have been made on this shipment, which at a conserva-

[Senator Perrault.]

tive estimate would have been, on 400,000 barrels—since the spot market would be at least \$10 higher—in the area of \$4 million; and in the light of the undue profit effected in such an irresponsible fashion by this particular firm by means of this diversion from the Atlantic provinces, which face the prospect of being short of oil, including heating oil, this winter, would the government consider making some appropriate deduction from its subsidies?

**Senator de Cotret:** Honourable senator, I would first of all like to verify the allegations that Gulf did divert that amount, and that the diversion was no more than a pre-arranged swap of one nature or another. I will endeavour to ascertain the facts of the matter and give you the appropriate answer.

### IMPERIAL OIL LIMITED—ANNOUNCED INCREASE IN PRICE OF GASOLINE

**Senator Perrault:** May I ask the Honourable Minister of Industry, Trade and Commerce whether any reports have yet been received from his colleague, the energy minister, Mr. Hnatyshyn, with respect to his meeting with the President of Imperial Oil, Jack Armstrong, to find out why Imperial raised its prices nationwide by 1.4 cents to 3.4 cents a gallon?

**Senator de Cotret:** Honourable senators, the answer to the question is no. As you are no doubt aware, the minister was off to Paris shortly after his meeting with the President of Imperial Oil to attend the meeting of the International Energy Association there. He is expected back this afternoon. We have a meeting scheduled for tomorrow morning to cover a fairly wide range of topics related to energy, and presumably we will be able to discuss the matter you raise in your question at that time.

## GRAIN

### INTERIM PAYMENTS BY CANADIAN WHEAT BOARD ON CURRENT CROP—INCOME TAX BURDEN ON PRAIRIE WHEAT FARMERS

**Senator Steuart:** Honourable senators, my question is directed to the Minister of Industry, Trade and Commerce. It relates to the issue raised in this chamber several times by Senator Argue with regard to the income tax problem being created by the government for many western farmers.

Quite simply, the problem is the adjustment payment presently being made by the Canadian Wheat Board on grain delivered by the farmers from the beginning of this crop year up until October before the initial price was raised. This applies to all deliveries, both those made on a straight cash basis and those made on a deferred income basis.

I ask the indulgence of the Senate while I give a brief outline of how this situation developed. For many years farmers would refuse to deliver grain in the latter part of the calendar year if they felt they had had a good year, and it would increase their income tax problem. They acted no differently in this regard from any other businessmen all across the country. The Wheat Board, and the government



through the Wheat Board, asked them many years ago to cease this practice and to deliver the grain whenever the quotas were open so that the Wheat Board and the government could fulfil their international sales commitments. So the farmers ceased this practice, delivered the grain whenever it was appropriate from the point of view of the Wheat Board to do so, and took a cash deferral into the next income tax year.

This year they received an initial payment of about \$350. Then out of the blue the government decided to pay an extra \$1 approximately on the initial payment. This trapped a great many farmers who had deferred their payment into 1980, and they will now receive a total of about \$50 million, over half of which will be paid to the government in income tax. We think that they could be given relief by a different interpretation of the regulations.

My question is this: Is the minister now prepared to talk to the Minister of Finance, or whoever is the appropriate minister, to have him take another look, as quickly as he can, at the interpretation of the regulations so that the government will keep faith with these people in the action they took to defer their payment?

**Senator de Cotret:** When Senator Argue raised the question some ten days ago I undertook to inquire of my colleagues the Minister of National Revenue and the Minister of Finance as to the exact status of the situation, and to see what could be done to alleviate the circumstances of the western farmers, which the honourable senator has so ably described. I reported back to this house last week that the Minister of National Revenue had taken notice of my query and representations. He explained to me that in situation like this, according to existing tax regulations, taxable income was on a cash basis. He further said that the date at which the cheque was cashed under existing regulations had no bearing on the taxation year in which the income was received, but that he would take up the matter further with his officials and officials of the Department of Finance to ascertain if anything could be done in this situation.

That was last week, but I have yet to receive further clarification. Certainly, I am more than happy to bring those concerns to the attention of my colleagues, and if anything can be done I shall be happy to report back to this chamber.

**Senator Steuart:** I should like to ask a supplementary question in order to be clear. Is the minister saying that this is still under active consideration and there is a distinct possibility that a new look or a different look will be taken at the regulations so that it may be possible for those farmers who want this payment deferred to have it, in fact, deferred?

**Senator de Cotret:** What I am saying is that I brought this matter to the attention of my colleagues; I got an early and prompt answer in terms of the interpretation of the tax regulations as they are now; and I shall be happy to inquire from them as to what progress, if any, they have made in looking at whether it would be desirable, equitable and feasible to change the regulations.

**Senator Steuart:** I have a final supplementary. Is the minister aware that the Honourable Walter Baker, Leader of the House of Commons, suggested on Friday that a preliminary review indicated that such a deferral would not be allowed? If the minister is aware of that, would he consider asking the Minister of Finance to include what would probably be about one line in the budget to treat this as income in 1980 rather than income in 1979? If a bill were required, it would be a very small one and I am sure it would receive full support of the opposition, since they, when they were the government, are the ones who put this whole program into place.

• (1430)

**Senator de Cotret:** Yes, I am aware that the Minister of National Revenue has said that a preliminary review of the situation indicates that, according to existing regulations, the income would be taxed in the taxation year 1979. That is, in essence, what he replied to me in a letter which I read to the chamber last week.

As Senator Steuart pointed out, that was a preliminary report. Since it is preliminary, presumably there is some ongoing consideration. Therefore, I am not in a position to ascertain whether or not that has gone on, but I would be happy to inquire whether it has, and bring Senator Steuart's concern to those ministers directly responsible for this area.

**Senator Buckwold:** May I ask a supplementary question? Would the minister, while doing his research, check to see whether there have been exemptions of this type in the past where payments have been deferred to the next year. My memory may not be good, but it seems to me that in the past, if not exactly in this form or for this particular purpose, there has been a deferment of the revenue to the following year.

**Senator de Cotret:** You raised the question of precedent. In terms of precedent, when the matter arose on previous occasions, this request on behalf of the producers was not made. It could be argued, therefore, that the producers were aware of the consequences of taking a deferred cash ticket at the time of delivery of their grain. The matter has been raised before but the request was not made. Again, the matter is under review, and my colleague, the Minister of National Revenue, will be making a statement as soon as the review has been completed.

**Senator Steuart:** I do not know whether this is a supplementary question or not, but I think the minister, when considering this matter, will realize that the precedent dealt with final payment. I do not think there is any precedent for an addition to the initial payment. That is a totally different thing.

## CRIMINAL CODE

### SOLICITING FOR PROSTITUTION—REQUEST FOR AMENDMENT BY CHIEFS OF POLICE

**Senator Bosa:** I have a question for the Leader of the Government in his capacity as Minister of Justice.

The minister recently received representations from a delegation of the Canadian Association of Chiefs of Police concerning difficulties they were experiencing in laying charges of

soliciting under the Criminal Code. Has the minister had an opportunity to consider those representations, and if so, is he prepared to introduce amendments to the appropriate section of the code?

**Senator Flynn:** Honourable senators, I think my comments regarding that matter have appeared repeatedly in the press.

Following a decision of the Supreme Court of Canada, where it was decided that evidence of soliciting required that the solicitation had to be pressing and persistent—

**Senator Croll:** It usually is.

**Senator Flynn:** Yes. The chiefs of police in large centres such as Vancouver, Calgary, Edmonton, Toronto—

**Senator Croll:** No.

**Senator Flynn:** Yes, Toronto as well. The Toronto chief of police was firm in his attitude, as was the Montreal chief of police. They asked that the particular section of the Criminal Code be amended to provide that soliciting need not be pressing and persistent. In fact, a bill was introduced in the last Parliament which would have provided that a motor vehicle was a public place. I expressed my opposition to that kind of amendment because it would mean that if a person simply winked at somebody, that would be an offence under the Criminal Code.

As was pointed out by the Canadian Association of Chiefs of Police, the problem is not so much one of soliciting as it is of the nuisance aspect of soliciting. In other words, the citizens of those areas where soliciting takes place consider it a nuisance, and there is no doubt that it is. However, whether it is something that should be dealt with in the Criminal Code is another matter.

As a result of the representations of the chiefs of police, I agreed to consult with caucus and listen to any representations on the matter from any source, following which I would make a decision. I did say I would not consider myself bound by the opinion of caucus, or anyone else. That is the only assurance I gave to the chiefs of police.

Given that the problem is the nuisance nature of soliciting, the question becomes one of whether to leave the particular section of the Criminal Code, which requires evidence of pressure and persistence, as it is; whether to follow the advice of the Canadian Association of Chiefs of Police; or whether to remove the matter from the Criminal Code and place it in the hands of provincial and municipal governments, which can deal with it through bylaws, in the same way that illegal parking is dealt with. This is something I shall try to resolve in due course.

**Senator Bosa:** I have a supplementary question. Would the minister consider having the matter referred to the Standing Senate Committee on Legal and Constitutional Affairs which could then call witnesses, thus enabling honourable senators to be well informed as to the full implications of any amendment to the Criminal Code in this respect.

**Senator Buckwold:** I can suggest a couple of good witnesses.

[Senator Bosa.]

**Senator Flynn:** Solicited or soliciting? In any event, any honourable senator may move a motion that the matter be referred to committee. I do not intend to do so. I think honourable senators are aware of the legal implications of the problem. Of course, if the matter is referred to committee, I would not refuse to appear.

**Senator Frith:** Could we say, then, that the minister does not think the problem is a "pressing and persistent" one?

**Senator Flynn:** Well, certainly not as far as the Criminal Code is concerned.

## NATIONAL DEFENCE

### PURCHASE OF NEW FIGHTER AIRCRAFT

**Senator Flynn:** Honourable senators, I have a reply to Senator McDonald's question of November 29 last with respect to the purchase of a new fighter aircraft for Canada. Specifically, Senator McDonald inquired as to the cost to date of the procurement and selection of a new combat aircraft.

The source selection phase of the new fighter aircraft program—which began with the cabinet decision of March 1977—has been an unfunded competition; that is to say, the government has in no way funded the competitors' efforts in presenting their offers to Canada. The only costs accruing to the government, therefore, are those resulting from the operation of the interdepartmental NFA Program Office, which costs include salaries, statutory expenditures, management and travel costs, and Department of Supply and Services revenue dependency charges. The expenditures totalled \$1,268,563 through to the November 1978 short list decision, and \$2,199,301 since that date.

• (1440)

Senator McDonald also wanted to know whether the government intended to change the role of the Canadian wing stationed in Baden-Solingen, West Germany, in order to meet the capabilities of the new aircraft. Regarding any Canadian government intention to change the role assigned to the Royal Canadian Air Force group stationed in Baden-Solingen, the Minister of National Defence can say that planning is based on a continuation of the tasking currently assigned to our Starfighters in Europe, that is, a primary air-to-surface role and a secondary air-to-air role. This tasking ratio may be adjusted before the end of the phase-in period for the new fighter aircraft depending on the evolving threat, consultation with Canada's NATO allies and other circumstances. The flexibility inherent in the NFA will permit such adjustments in tasking to be made with ease.

As for the expected delivery date of the new aircraft, the initial delivery date depends upon which aircraft is selected. The first CF-16 would be delivered in July 1982, and the first CF-18 would be delivered in October 1982, a difference of approximately three months.

Finally, Senator McDonald asked about a defence policy review prior to the purchase of new aircraft. The Minister of National Defence has indicated to the House of Commons



Standing Committee on External Affairs and National Defence that there will be a review of national defence policy by way of a white paper to come down some time in the fall of 1980. However, a decision on a new fighter aircraft for Canada is required now and the government is confident that whatever the recommendations of the defence review, the flexibility of the fighter aircraft will be such that it will have the capacity to be employed in any additional or alternate roles or fighter missions that might evolve out of such review.

### VETERANS AFFAIRS

#### PRISONERS OF WAR—QUESTION ON THE ORDER PAPER ANSWERED

##### Question No. 5—By Senator Molson:

Are veterans who are receiving 100 per cent disability pensions due to wounds received during active duty and who were prisoners of war for over a year entitled to prisoner of war compensation in addition to the disability pension and, if not, why not?

*Reply by the Minister of Veterans Affairs:*

No.

The Compensation for Former Prisoners of War Act provides that the combined amount of a disability pension under the Pension Act and a compensation under the Compensation for Former Prisoners of War Act shall not exceed an amount equivalent to the amount of a 100 per cent disability pension.

### STANDING RULES AND ORDERS

#### FIRST REPORT OF STANDING COMMITTEE—POINT OF ORDER

**Senator McElman:** Honourable senators, before the Orders of the Day are proceeded with, I wish to draw the attention of the house to a matter that was dealt with by His Honour the Speaker on Thursday last after I had left the chamber. Had I been present I would have intervened at the time. The matter concerns a point of order raised with respect to an intervention by Senator Bosa on a decision that had already been taken by the Senate. Since the Speaker did not give a ruling on the matter, but simply commented upon it, I feel it is one which, under our rules, can be further discussed.

As background, for those honourable senators who might not have been present on Thursday last, a report of the Rules Committee was under discussion and, by motion of Senator Neiman and in accordance with the decision of the Senate, it was referred back to the Rules Committee for further consideration.

Senator Bosa rose and spoke "on a point of clarification of something that the Senate adopted last Thursday." The following are the salient words:

—which to me seemed to be improper and inconsistent with what the Senate ought to have done at that time.

It was a clear reflection on a decision of the Senate.

During the discussion, Senator Roblin and Senator Smith (Colchester), as well as myself, pointed out that under the long-standing rules of Parliament—and, I may say, of provincial legislatures also—there is a clear-cut practice—in this regard I referred to both *May* and *Beauchesne*—that a member may not reflect upon a decision or a vote taken by a house of Parliament.

In his comments on this matter on Thursday last, His Honour the Speaker said:

—there is a general practice that, if it does not prohibit, it at least discourages, comments, particularly adverse comments, in a chamber such as this concerning an action taken by the chamber.

He went on to say:

This is a non-ruling because I can find no rule which would prohibit an honourable senator rising, with leave, and, having the leave of the Senate, saying almost anything he wishes as long as it is not personal, taxing or sharp.

He went on to emphasize that this was a non-ruling.

It is because I believe it to be of tremendous importance for the order of business in the Senate that I again refer to this question. If honourable senators are permitted to reflect upon votes taken, it could be an unending process.

Erskine May, *Parliamentary Practice*, Nineteenth Edition, chapter XIX, "Maintenance of Order during Debate," at page 424, states:

Reflecting upon votes of the House.

That is the heading:

The objections to the practice of referring to past debates apply with greater force to reflections upon votes of the House, unless made for the purpose of justifying a motion that the vote be rescinded. Those reflections not only revive discussion upon questions already decided, but are wholly irregular, inasmuch as the Member is himself included in, and bound by, a vote agreed to by a majority.

Beauchesne's *Parliamentary Rules and Forms*, Fifth Edition, at page 102, reference 313, says:

A Member may not speak against or reflect upon any determination of the House, unless he intends to conclude with a motion for rescinding it.

Reference 315 says:

It is irregular to reflect upon, argue against, or in any manner call in question in debate the past acts or proceedings of the House, on the obvious ground that, besides tending to revive discussion upon questions which have already been once decided, such reflections are uncourteous to the House and irregular in principle inasmuch as the Member is himself included in and bound by a vote agreed to by a majority; and it seems that, reflecting upon or questioning the acts of the "majority" is equivalent to reflecting upon the House.

Reference 316, at page 103, says:

Besides the prohibitions contained in S.O. 35, it has been sanctioned by usage that a Member, while speaking, must not—

There are a number of subparagraphs, and subparagraph (i) is:

—reflect upon the past acts and proceedings of the House—

I have an old edition of the *Standing Orders of the House of Commons*. It is the October 1969 edition, and standing order 35, in part, reads:

No member may reflect upon any vote of the House, except for the purpose of moving that such vote be rescinded.

Finally, rule 1 of our own rules provides:

In all cases not provided for in these rules, the customs, usages, forms and proceedings of either House of the Parliament of Canada shall, so far as practicable, be followed in the Senate or in any committee thereof.

In this case, of course, His Honour the Speaker said he could find no rule in our rule book, but rule 1 refers us back to the rules and practices of Parliament as a whole.

● (1450)

Because of the importance of this matter in the conduct of this house of Parliament and to ensure that once having taken decisions, unless the Senate is asked to reconsider those decisions by motions for rescinding them, we do follow the rules of Parliament as they apply, I would simply ask His Honour the Speaker, with all deference, to take these references I have given, and any others he may wish to study, under consideration and perhaps give us a firm ruling so that this matter will not be left hanging.

**The Hon. the Speaker:** Honourable senators, I am afraid the intervention by Senator McElman puts the Chair in a very difficult position. I would be quite prepared to defend the ruling I made, or the comments I made, because it was a non-ruling. I would be quite prepared to discuss every one of the points made by Senator McElman and to take the position that he is incorrect in the disagreement that he has expressed with the comments of the Chair. However, I am not here to debate the matter, but merely to say that I will not make the mistake again of making a comment on a point referred to me by referring to my comments as a non-ruling.

**Senator McElman:** May I inquire, with all deference, of His Honour the Speaker if this matter is to be further considered?

**The Hon. the Speaker:** It would, of course, be further considered by the Chair if an honourable senator rose on a point of order and referred the matter to me. I believe that can only happen when a situation is before the house from which a point of order can arise. However, I leave it to honourable senators. I do not want to debate from the Chair the comments I made at that time, which were intended to be helpful, and which I believe were made in accordance with the rules of the Senate.

[Senator McElman.]

**Senator McElman:** With all due respect and deference, I understood from reading *Hansard* of Thursday last that His Honour had not given a ruling. I do feel that this is a very important matter in the proceedings of the Senate, and I thought I was directing not only to honourable senators but to the Chair my earlier comments and the references I made. I do now address this matter to the Chair as a continuing point of order which has not been disposed of by the house, and I ask His Honour the Speaker to take the matter under advisement.

**Senator Flynn:** I think Senator McElman is exaggerating a little. His Honour has made the point that he would deal with the problem if it were to arise, and it seems to me that that should be sufficient for Senator McElman.

**Senator McElman:** Honourable senators, I have made a specific request of the Chair.

**Senator Flynn:** But you heard the reply. You should be satisfied.

**Senator McElman:** And the point of order which was raised last week is still before the house because there has been no ruling. It has not been disposed of by a ruling.

**Senator Roblin:** Honourable senators, I would like to take some part in this discussion because I was here during the events to which reference has been made, and it seems to me that we have missed the point of the Speaker's ruling, or his comments, when he spoke about this matter.

I do not think His Honour, or, perhaps, anyone here, would seriously maintain that the points made by Senator McElman are not important or, indeed, that they are inaccurate with respect to the description of what takes place in the House of Commons and in other parliamentary institutions. But it seems to me that the issue that we were confronted with the other day really depended on quite another point altogether, and that was the question of leave. If leave is given, then obviously any rule that we have may be superseded, and, by reason of the leave being given, the senator concerned may proceed, as on that occasion Senator Bosa attempted to do.

I have to take some of the responsibility for the contretemps that arose, because when I was listening to Senator Bosa's remarks he asked for permission to do such and such, and I confess that I did not hear the magic word "leave," and I did not react in the way I should have reacted. If I had heard the magic word "leave," I can assure the Senate that I would have said that I would not give my leave to continue with the matter, and that would have disposed of Senator Bosa's point at the time.

So, I think the question is one of leave rather than one of the rules as we have discussed them this afternoon, and in that context I would be quite content to abide by His Honour's comments in the matter. It does raise the question, of course, that a senator may stand and ask for leave, and nobody has the faintest idea of what he wants leave for until he gets so far into his discussion as to explain it, which makes me rather leery, unless it is a *pro forma* leave which is quite clear to all of us such as when we require the suspension of the rules so that bills may be advanced, and matters of that sort—that kind of



leave can be easily evaluated, and assented to or dissented from, as the case may be. That is quite clear. But in the situation that arose and which engages our attention at the moment, the question of leave was fudged at the beginning, because I, for one, did not hear the word "leave," and, secondly, we really did not know what Senator Bosa wanted to talk about. When the point was developed further, I think I said at that time that I would not be prepared to give my leave for the continuation of that discussion.

I think Senator McElman's exposition of the rules of the House of Commons is correct, and I agree heartily with what he had to say, but my point is that the issue that was before us then, and to which I think the Speaker's comments were directed, is not that issue, on which there may be no disagreement, but the issue as to whether leave was granted to circumvent the rules altogether.

So, honourable senators, I accept my responsibility for the difficulty that arose, and I want to make that clear to the Senate, but I also want to say that I think we could with good conscience let the matter rest where it now stands, and be better advised on another occasion.

**Senator McDonald:** Honourable senators, I too, like Senator Roblin, was under the impression that no leave had been asked for, and I refer you to the *Debates of the Senate* of December 4, and to Senator Bosa's remarks on page 487:

Honourable senators, I would ask that Order No. 10 be allowed to stand, but I wonder if I may have your permission to raise a matter on a point of clarification.

So, in point of fact, leave was not asked for and leave was not granted. This is the reason why, as recorded on the next page, I asked for order. It was my understanding that no leave had been asked for and no leave had been granted. I still stand by the conclusion I came to in view of the evidence before us.

**The Hon. the Speaker:** Is it your wish, honourable senators, that the Chair take into consideration the points made by Senator McElman, and treat the matter as a point of order or a request for action by the Chair? I am in the hands of the Senate.

**Some Hon. Senators:** No.

**Some Hon. Senators:** Agreed.

**Senator Roblin:** I think we should proceed to the next order of business, Mr. Speaker.

**Senator McElman:** Excuse me, honourable senators, but I do not believe that an item put before the Senate as a point of order can be dispensed with quite that readily.

**Senator Flynn:** But the ruling was that it was not a point of order.

**Senator McElman:** His Honour the Speaker can do so, but not the Leader of the Government in the Senate.

● (1500)

**Senator Flynn:** I said that you did not understand what His Honour said. He said that it was not a point of order.

**The Hon. the Speaker:** Honourable senators, I waited for Senator McElman to state it as a point of order. My recollection is that he did not. He merely rose to say that a matter had arisen on which he wished to comment. Therefore, it would be my ruling at the moment that a point of order has not been directed to the Chair.

**Senator McElman:** Honourable senators, I was most specific in stating that I was referring it as a point of order to the Chair for a ruling, because I believe it extremely important to the good order of the proceedings of this house that this matter not be left hanging and that it be made clear what the decision of the Chair is. Again, I do so refer it.

**Senator Flynn:** You cannot raise a point of order three or four days after the event.

**Senator Perrault:** You can raise a point of order any time you want.

**Senator McElman:** I am sorry, Senator Flynn, but you are confusing a point of order with a matter of privilege. A point of order can be raised at any time; a matter of privilege must be raised at the earliest opportunity.

**Senator Perrault:** Right!

**The Hon. the Speaker:** Honourable senators, I will take the discussion into consideration and report in due course to the Senate.

**Senator McElman:** Thank you very much, Your Honour.

## DIPLOMATIC AND CONSULAR PRIVILEGES AND IMMUNITIES ACT

### BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

**Senator Macquarrie** moved the second reading of Bill S-11, to amend the Diplomatic and Consular Privileges and Immunities Act.

He said: Honourable senators, there is an old saying that I am sure is familiar to all of us: "Some are born great; some achieve greatness (or attain it, depending upon which version you use); some have greatness thrust upon them." This afternoon I am very much in that third category. Here am I, a freshman senator, a veritable babe among you, and I have been given the great honour and privilege of being asked to usher, escort, launch and pilot—

**Senator Perrault:** And defend.

**Senator Macquarrie:** —a piece of legislation in this house.

Many years ago in this chamber Senator Dandurand, as reported by MacGregor Dawson, said that ministers were always very anxious to bring their legislative offspring to the baptismal font themselves. But here am I in the role, perhaps, of political godfather—as one might have said before that word became rather nasty. In the Anglican sense, the godfather was really supposed to be a pretty good person, and I will try to stick to that.

Bill S-11, honourable senators, is brief. It is clear. I would say it is non-controversial. The sponsor will try to emulate the

bill in all particulars. I must aver that, when I say it is clear, I do recall, as one of my old professors used to say—and I do not want to offend a great multitude of people in this chamber—that the difference between good English and legal English is substantial. But I do think this is a pretty precise and clear bill.

Some of the matters are corrections in terminology. The expression “post”, in “diplomatic post,” has been replaced by “mission.” Even a consultation with Webster’s would indicate that that change is an improvement. There are some spent clauses which are properly dropped.

The main aspect of the bill is to provide for a certain contingency under which a country, or perhaps even a part of a country, would establish in Canada something purporting to be an embassy or a mission. Before the passage of this bill, and indeed at the present time, the Government of Canada would have no legal avenue or vehicle to deal with such a transgression of the Vienna conventions.

As all senators know, I am sure, the bill which we are amending today is a short bill, but its schedule is quite long and quite impressive, because the schedule is in fact a restatement of the 50 some clauses of the Vienna conventions.

This bill, honourable senators, deals with a delicate problem which may occur at any given time and create for Canada some embarrassment on the international scene. Furthermore, such a situation, should it arise, would most likely create tension in Canada’s bilateral relations with the country concerned.

The problem could be summarized as follows: At present there is no basis in Canadian law for the federal government to prevent the opening or to bring about the closure of an entity which purports to be an embassy or a consulate representing a country or a government which Canada does not recognize. In both cases, such a situation would cause a serious embarrassment to Canada. In a few minutes I will discuss a situation which embarrassed another country greatly.

I should point out that the Vienna Conventions on Diplomatic and Consular Relations annexed to the Diplomatic and Consular Privileges and Immunities Act are declaratory of customary international law and have the force of law in Canada. Article 2 of the Vienna Convention on Diplomatic Relations clearly states that “the establishment of diplomatic relations between States, and of permanent diplomatic missions, takes place by mutual consent,” while article 4(1) of the Vienna Convention on Consular Relations states that “a consular post may be established in the territory of the receiving State only with that State’s consent.”

In that respect, it would certainly be consistent with the spirit of Canada’s obligations under the Vienna conventions to take the necessary measures to prevent the opening of such so-called “embassies” or “consulates” when they are opened without Canada’s consent, and when they purport to represent a country or a government not recognized by Canada.

This bill, honourable senators, is to amend the Diplomatic and Consular Privileges and Immunities Act, and it deals with

this particular problem that may result from the establishment or the operation of purported embassies or consulates in Canada by persons not representing a sovereign state or a government recognized by Canada. The new legislation would thus make it an offence to engage in such conduct, enabling our courts to prohibit the representation of such premises as a diplomatic mission or consular post.

The act which we are amending—and I believe it, too, originated in the Senate—was the act of 1977. It was given royal assent on June 10 of that year. It was, as I have said in my brief preamble, an incorporation into the law of our country of the provisions of the Vienna conventions.

It will be recalled that the reason for the reference in Section 2 of the act to only certain articles of the two conventions—those dealing with the privileges and immunities of diplomatic and consular missions in Canada and affecting the rights of private persons in Canada—is that these articles specifically require the force of law to be implemented in Canada. The other articles of the Vienna conventions not mentioned in Section 2 of the act deal with rights and obligations between governments and do not need to be given statutory basis to be implemented in Canada, as they reflect principles of customary international law governing diplomatic and consular relations between sovereign states and, as such, are part of the Canadian law via the common law.

The existing act, however, does not deal with all situations. In particular, the question to which the present amendment is addressing itself was not covered. At present there is no basis in Canadian law to deal adequately with an entity which purports to represent a country or a government which Canada does not recognize. This is not in line with the relevant articles of the two Vienna conventions which specifically state that the establishment of diplomatic and consular relations takes place by mutual consent.

● (1510)

The example to which I referred a few minutes ago occurred in Australia, and caused that country and its government considerable embarrassment. A so-called “Croatian embassy” was opened in Canberra in November 1977. Croatia is one of the six constituent republics of Yugoslavia which is a federal state. The Australian government had no legal means, at that time, to close the so-called embassy. Proper legislation was finally adopted in August 1978, and the Federal Court of Australia granted an injunction, requested by the Department of the Attorney General, to close the Croatian embassy in accordance with the provisions of the new legislation. The Croatian *chargé d'affaires* stated in Canberra in April 1979 that similar Croatian embassies would be established in several other countries, including Canada.

The events in Australia brought to the Canadian government’s attention that if Canada were to be faced with a similar situation now, it would not have the proper legislation to deal with it. That is precisely the purpose of this bill.

Furthermore, without addressing ourselves to a specific case or group of people, it is clearly important that the necessary



legislation be adopted in order to prevent such developments, especially at a time when diplomatic personnel and missions are being used, if not abused, to promote particular political objectives—and Heaven knows this is true.

Honourable senators, I think that we should congratulate the government for introducing legislation that could be before its time. Quite often, legislation comes after a considerable time-lag to remedy a situation. I believe that this—and I hope it will never happen—would anticipate the kind of situation which our Australian friends went through some months ago.

I think honourable senators will agree that today is an appropriate day for us to be seized of this type of legislation. As we walked into the chamber, we see, on the courtesy flagstaff, a Union Jack. This reminded us of what a very important day this is—the anniversary of the day the Statute of Westminster was proclaimed. My stern mentor, Professor Lower, wrote that if Canada had an independence day, it would be December 11—a day in 1931 on which we could clearly proclaim for the world to hear and agree that we and our fellow members of the Commonwealth were autonomous states, in no way subordinate one to another. R. B. Bennett, often considered an imperialist and a colonial-minded man, said that the old political empire has disappeared. It was a great day.

We know, of course, that Canada obtained its independence a good while before that. Canada became an independent state in 1917 when Sir Robert Borden led us into the League of Nations and to participation in the Treaty of Versailles. However, as is the custom in the British parliamentary system, it sometimes takes a while for the official statutory declaration to catch up with the actual situation. The gap between 1917 and 1931 I think is indicative of that custom.

Another reason, honourable senators, why I feel it is suitable, fitting and proper that we give our attention to amendment of this important act, which deals with diplomatic privileges and immunities, is the terrible situation which has for so long continued in Iran. At the meeting of the United Nations Security Council last week, in the preamble to the resolution which was adopted unanimously, they invoked the reaffirmation of the Vienna convention. I think it is important that we focus on this tremendously important statutory convention on relationship between states, and keep it in focus. I believe the government has done well in that regard. I also think the President of the United States has done extremely well. This is not the time to enter into a dialogue on whether the shah is worse than the ayatollah.

The Vienna convention is a great *habeas corpus* which governs nations. It is the vehicle upon which is carried the whole comity between and among nations. I believe it is extremely important that in viewing this terrible crisis in Iran that we keep in mind the fundamental rule that states cannot break the Vienna convention. They cannot foreswear their commitment to deal properly with the representatives of other countries. One hundred and twenty-nine countries have subscribed to the Vienna convention, and it is illegal, improper, and I might also say indecent, to mete out to the mission

people in Tehran the kind of treatment they received. It is not a matter of custom or tradition, as the press sometimes say; it is much more than that. It is international law and for that reason I commend this amendment to you.

The bill is a piece of legislation which is truly worthwhile. Anything we do to sustain our belief in the Vienna convention is a further hallmark of our country's status as a respected, strong, honourable member of the diplomatic international community.

**Senator Thompson:** Honourable senators, I congratulate Senator Macquarrie on his lucid and comprehensive explanation of the bill. Indeed, I commend him on his description of the Vienna convention as the *habeas corpus* which governs nations, and I thank him for reaching out also to indicate the importance of the Vienna convention and the role of Canada as an independent nation.

I should like to ask the honourable senator a question before I move the adjournment of the debate. The question stems from a lack of knowledge, but my understanding is that an ambassador has to bring his credentials to the Governor General and seek his approval before an embassy is accredited. Is that the situation or not?

**Senator Macquarrie:** Honourable senators, in reply to my colleague, the problem is not with those embassies which are accredited, but with those self-styled "embassies". They are bogus in that they purport to be embassies.

The Croatians, I presume, purchased a building in Canberra and said that it was the Croatian embassy, and endeavoured to suggest that they were, in fact, a presence representing a part of Yugoslavia. They had no credentials and they had no legal status, but the Australian government had great difficulty in preventing them from purporting and seeming to be a diplomatic entity. I hope this explanation is helpful.

On motion of Senator Thompson, debate adjourned.

● (1520)

## APPROPRIATION BILL NO. 2, 1979-80

### SECOND READING—DEBATE ADJOURNED

**Senator Doody** moved the second reading of Bill C-29, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1980.

He said: Honourable senators, the bill before us, which I have the honour of sponsoring in the Senate, deals with supplementary estimates (B) for 1979-80. I do this with a great deal of hesitation today. I moved a bill a few days ago without realizing how new and raw I was in the Senate. I guess I listened to my friend Senator Macquarrie say how humble he was as a junior member of this house, how he feared he might go astray, and how he had greatness thrust upon him. I suppose I should think of some other old saw, such as "Fools rush in where angels fear to tread," because I went through this on the second day I was here. I feel, therefore, that I should thank honourable senators for being so patient and

tolerant, especially since I must now impose on their patience once again.

The bill that I have the honour to introduce today, honourable senators, provides the full supply of supplementary estimates (B) for 1979-80. The estimates were tabled in the Senate on November 8, and were immediately referred to the Standing Senate Committee on National Finance. They were discussed in committee on November 20 and 22 with Treasury Board and other government officials. These supplementaries total \$1,031 million, and bring the total estimates to date to \$54,946 million. If you say the numbers very quickly, I do not think they will sound so horrendous.

The latter amount represents not only the spending authority, but the forecast expenditures. After allowing for repayments on loans and the normal lapsing of expenditure authority, total spending will be considerably lower. However, as stated previously by the President of the Treasury Board, during his appearance before the Standing Senate Committee on National Finance to discuss the main estimates, the actual expenditures will exceed the ceiling announced last February of \$52,600 million.

A major portion of the supplementary estimates, \$600 million, represents adjustments on statutory payments, and \$297 million is for increased equalization payments to the provinces under the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act. This includes \$157 million for adjustments in respect of the fiscal years 1977-78 and 1978-79. There is an amount of \$100 million for public debt costs such as additional payments of interest, discounts, premiums, commissions, servicing costs and costs of issuing new loans, and an amount of \$112 million in old age security payments which reflect revised forecasts of indexation factors and eligible population, which is partially offset by a reduction of \$43 million in guaranteed income supplement payments. There is an amount of \$60 million to cover expenses of candidates and returning officers, the cost of enumeration and polling operations, and advertising expenses incurred by political parties in accordance with the Canada Elections Act.

The largest single item included in the \$431 million of supplementary estimates requiring parliamentary authority—the main amount involved is statutory—is \$120 million for the Canadian home insulation program. This brings the total amount of funds available for the CHIP program, in the current fiscal year, to \$182.3 million.

Some of the other major vote items requested include \$63 million for an increased contribution to NATO to cover the effects of inflation and devaluation, as well as the airborne early warning system; \$43 million to cover the increased operating costs of VIA Rail; \$36 million for the air transporta-

tion program of the Department of Transport for loss of revenues due to the modification of planned increases in the airport tax; \$30 million to increase the ceiling on cash advances out of the petroleum compensation revolving fund; and \$20 million for additional assistance to the shipbuilding industry arising from increased activity, and the extension of the 20 per cent subsidy program.

These estimates contain some 21 \$1 votes, which are described in the explanatory sections of the supplementary blue book, which I am sure all honourable senators have copies of. These items can be grouped as follows: There are four votes which authorize the transfer of funds from one vote to another; three which authorize the payment of grants; seven which authorize the deletion of debts and reimbursement of accounts for obsolete stores; four which amend provisions of previous appropriations acts; and two other votes which authorize the payment of commissions and guarantees of loans. Additional explanations for these items, as well as the other items I referred to, were provided to the National Finance Committee during its review of the estimates. As I said, those committee meetings were held on November 20 and 22, and reports of the proceedings of those meetings are to be found in issues 3 and 4 of the *Proceedings of the Standing Senate Committee on National Finance*.

Honourable senators, I think I have touched on the major items of the bill, and if you wish further explanation I shall do my best to provide it.

On motion of Senator Petten, debate adjourned.

## MULTICULTURALISM

MOTION REQUESTING MINISTER OF STATE TO APPEAR BEFORE  
STANDING SENATE COMMITTEE ON HEALTH, WELFARE AND  
SCIENCE—MOTION STANDS

On the Notice of Motion of Senator Bosa:

That the Senate request that the Minister of State for Multiculturalism appear before the Standing Senate Committee on Health, Welfare and Science within the next ten days to explain the government's reversal in its policy on multiculturalism, as announced during last spring's election campaign, to the effect that the Canadian Consultative Council on Multiculturalism would have the direct authority to decide upon applications for funding from various ethnocultural groups across the country.

**Senator Bosa:** Honourable senators, I have not had an opportunity to discuss this matter with the Chairman of the Standing Senate Committee on Health, Welfare and Science, so I would like this motion to stand for the time being.

Motion stands.

The Senate adjourned until tomorrow at 2 p.m.



## APPENDIX

(See p. 538)

## STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

REPORT ON THE SUBJECT MATTER OF BILL C-20, "AN ACT  
TO AMEND THE INCOME TAX ACT TO PROVIDE A TAX CREDIT IN RESPECT  
OF MORTGAGE INTEREST AND HOMEOWNER PROPERTY TAX"

DECEMBER 6, 1979

On Wednesday, October 29, 1979, Bill C-20, intituled "An Act to amend the Income Tax Act to provide a tax credit in respect of mortgage interest and homeowner property tax" received first reading in the House of Commons. This Bill is intended to implement the Ways and Means Motion relating to the Income Tax Act tabled by the Minister of Finance on October 25, 1979.

By resolution of the Senate on November 1, 1979, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine and consider the subject matter of the Bill in advance of the Bill coming before the Senate or any matter relating thereto.

In accordance with the Order of Reference, your Committee has received and considered the said Bill C-20 arising from the Ways and Means Motion and in connection with such consideration has engaged the services of Mr. Charles Albert Poissant, C.A. of Thorne Riddell & Co., Chartered Accountants, and retained as its counsel, Mr. Thomas S. Gillespie of Ogilvy, Renault. The committee has discussed the Bill with officials from the Department of Finance, Mr. R. Alan Short, Director, Tax Policy Legislation and Mr. Vern Krishna, Chief, Tax Policy and Legislation Branch.

The committee has made a detailed examination of the provisions of the Bill and their application. The committee has not dealt with nor does it intend to report on the principle of the Bill.

## GENERAL

This Bill introduces two tax credits for Canadian resident homeowners. According to the officials of the Department of Finance, 1.5 million Canadians will benefit from the property tax credit. Furthermore, 2.3 million will benefit from the mortgage interest tax credit.

In summary, Bill C-20 will operate as follows:

Every Canadian resident owning a qualified home will be entitled to a tax credit of \$250 a year to assist him in paying his property taxes and will obtain a tax credit equivalent to 25% of mortgage interest paid during the year up to a maximum of \$1,250. Tax credits aggregating \$1,500 will be available when the plan is in full operation, that is in 1982.

One-quarter of the annual amount of such tax credits may be claimed by those entitled thereto in 1979, one-half in 1980,

three-quarters in 1981, and the full amount of the said credits will be available in 1982 and thereafter.

## PROPERTY TAX CREDIT

The property tax credit will not be related to the amount of property taxes payable by a taxpayer on a qualified home. Rather, it will take the form of a credit of \$250 (when the credit is fully matured) regardless of the amount of property taxes paid or not.

## MORTGAGE INTEREST CREDIT

Interest on the following types of debt obligations will be eligible:

- (a) Loans, whether secured by the home of the taxpayer or not, outstanding on or before September 18, 1979, to the extent that they were used to finance the acquisition of, or a major alteration or addition to, a qualified home.
- (b) New loans taken out after September 17, 1979, that are in the form of a mortgage or similar debt obligation secured by the qualified home. These loans will qualify to the extent that they are used to finance the acquisition of, or a major alteration or addition to, such home.

Loans to renew or refinance loans described above that were originally taken out for acquisition of, or a major alteration or addition to, the home will also be eligible. Such loans taken out after September 17, 1979, would have to be in the form of a mortgage or similar debt obligation secured by the home, in order to qualify. However, the principal amount of the new loan cannot be greater than the principal amount of the replaced indebtedness on the same qualified home.

Alternations or additions costing less than \$5,000, house furnishing and normal repair and maintenance expenditures, such as those for painting and redecorating, will not be eligible for the purposes of this measure.

Interest that is already deductible and not otherwise refundable in computing the taxpayer's income as an expense to earn income, will not be eligible for the mortgage interest credit.

The mortgage interest credit will apply to any self-contained dwelling unit located in Canada that was ordinarily occupied by the taxpayer during the year and was owned by the taxpayer. A home will include a single family dwelling and a self-contained dwelling within, or as part of, a multiple-unit residential building, such as a semi-detached house, a duplex, or a condominium apartment. No specific reference is made in the Bill to mobile homes. The Minister has indicated in his

statement of September 17, 1979 that qualified mobile homes will be included. Similarly, the Department of National Revenue has indicated in the form to be completed by eligible taxpayers that mobile homes will qualify. The committee is not entirely confident that this is the better interpretation and suggests specific reference be made in the Bill to mobile homes.

Only one house per family will be eligible for the credit. This would be the house where the family ordinarily resides. The secondary residence of the family, such as a cottage, will not be eligible for the measure.

Where the taxpayer moves during the year, each consecutive housing unit owned and occupied by the taxpayer during the year will be eligible for the appropriation portion of the credit subject to the overall allowable limit.

Spouses will be permitted to split the mortgage interest credit and the property tax credit between themselves in any agreed-upon manner, provided the total amount claimed does not exceed the allowable limits.

The following anomalies have come to the attention of the Committee:

- (1) Both credits will be available to individuals sharing ownership in a qualified home to be shared between them equally without regard to their respective ownership interests in the home (subparagraphs 122.3(1)(b)(i)(B) and 122.3(2)(a)(ii) as proposed by subclause 2(1) of the Bill).
- (2) A mortgage interest credit for the full year will be available for a homeowner who moves from a qualified home which is not subject to a mortgage and acquires

another home which he mortgages. This is in contrast with a tenant moving from rented premises to a home on which he places a mortgage. In the latter case, he would only be entitled to a fraction of the credit represented by the number of full months he owned the home (paragraph 2(7)(a)).

- (3) No credit is available in respect of interest paid by a separated spouse if he makes payment on behalf of his former spouse who occupies and owns the home.
- (4) No credit is available in respect of interest paid by one spouse when the house is owned by the other.
- (5) No credit is available in respect of interest paid during the reconstruction period after a qualified home has been destroyed or unfit for occupation.

It is recommended consideration be given to introducing amendments in the future to eliminate these anomalies but with retroactive effect.

#### CONCLUSION

Your committee wishes to express its appreciation for the services rendered in the review of the Bill by Messrs. Charles Albert Poissant and Thomas S. Gillespie.

Your committee has examined and considered the subject matter of Bill C-20 in accordance with its terms of reference and, except as noted above, has no comment to make on the Bill.

Respectfully submitted,

SALTER A. HAYDEN,  
*Chairman.*



## THE SENATE

Wednesday, December 12, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### LIBRARY OF PARLIAMENT

#### REPORT OF LIBRARIAN TABLED

**The Hon. the Speaker:** Honourable senators, I have the honour to table the report of the Parliamentary Librarian for the fiscal year 1978-79.

### DOCUMENTS TABLED

**Senator Flynn** tabled:

Report of the Department of Indian Affairs and Northern Development for the fiscal year ended March 31, 1979, pursuant to section 7 of the *Department of Indian Affairs and Northern Development Act*, Chapter I-7, R.S.C., 1970.

Public Accounts of Canada, Volumes I, II and III, for the fiscal year ended March 31, 1979, pursuant to section 55(1) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Budget Papers, dated December 11, 1979, being Notices of Ways and Means Motions (1) to amend the *Income Tax Act*, (2) to amend the *Excise Tax Act*, (3) to amend the *Excise Act*, (4) to amend the Customs Tariff, together with supplementary information on the Budget; and related documents issued by the Minister of Finance, as follows:

"The Fiscal Projections—Notes and Additional Tables";

"Background Material on Energy"; and

"The Economic Assumptions Underlying the Fiscal Projections of the Budget".

### CANADA NON-PROFIT CORPORATIONS BILL

#### REPORT OF COMMITTEE

**Senator Hayden**, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Wednesday, December 12, 1979

The Standing Senate Committee on Banking, Trade and Commerce, to which was referred Bill S-7, intituled: "An Act respecting Canadian non-profit corporations", has, in obedience to the order of reference of Tuesday, November 6, 1979, examined the said bill, in the course of

which the committee heard witnesses, including the Parliamentary Secretary to the Minister and several departmental officials on all the provisions of the bill. In addition, several witnesses made submissions on particular aspects of the bill, which were fully considered by your committee. These submissions, together with the evidence of the departmental officials, appear in the minutes of the proceedings of your committee on this bill. Your committee now reports the said bill without amendment.

Respectfully submitted,

Salter A. Hayden,  
*Chairman*

#### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read a third time?

**Senator Macdonald:** With leave, honourable senators, I move that it be read a third time now.

**The Hon. the Speaker:** Honourable senators, you have heard the motion. Is there unanimous consent?

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

● (1410)

### FUGITIVE OFFENDERS BILL

#### REPORT OF COMMITTEE PRESENTED

**Senator Donahoe**, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, December 12, 1979

The Standing Senate Committee on Legal and Constitutional Affairs, to which was referred the Bill S-8, intituled: "An Act respecting fugitive offenders in Canada", has, in obedience to the order of reference of Thursday, November 8, 1979, examined the said Bill and now reports the same with the following amendments:

1. *Page 1:* Strike out lines 4 to 8 and substitute the following:

"An Act respecting the extradition of fugitive offenders from Canada to other parts of the Commonwealth

#### Short Title

1. This Part may be cited as the *Commonwealth Extradition Act*."

2. *Page 14, Schedule I to Part I:* Strike out item 4 and substitute the following:

"4. Kidnapping, forcible seizure, hostage-taking, abduction, child abduction, false imprisonment."

3. *Page 24, Schedule I to Part II:* Strike out item 4 and substitute the following:

"4. Kidnapping, forcible seizure, hostage-taking, abduction, child abduction, false imprisonment."

Respectfully submitted,

RICHARD A. DONAHOE

*Chairman*

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

**Senator Donahoe** moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

## THE BUDGET

### NOTICE OF INQUIRY

**Senator Olson:** Honourable senators, I give notice that on Tuesday next, December 18, I will call the attention of the Senate to certain items in the budget presented by the Minister of Finance on December 11, 1979.

**Senator Flynn:** You are certainly the one qualified to do so.

**Senator Perrault:** Hear, hear.

## TRANSPORT AND COMMUNICATIONS

### CHANGE IN COMMITTEE MEMBERSHIP

**Senator Macdonald,** with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Balfour be substituted for that of the Honourable Senator Yuzyk on the list of senators serving on the Standing Senate Committee on Transport and Communications.

Motion agreed to.

## QUESTION PERIOD

[*English*]

## THE BUDGET

### STATEMENT BY PREMIER OF ONTARIO

**Senator Perrault:** Honourable senators, last night the Canadian people and the Parliament of Canada were presented with the first budget of this new government. For the sake of Canada, all of us hope that the budget is a successful one

[*Senator Donahoe.*]

and achieves the objectives which have been set forth by the government. But may I say, on behalf of many members of this chamber and, I suspect, a good many Canadians, that there are some concerns in our minds with respect to that budget. It is because of those concerns that we hope to have a full budget discussion in this chamber in the next few days.

Our concerns are shared by some of the outstanding leaders in this country, including certain supporters and friends of this government. My question this afternoon arises from a statement made by one of the leading supporters of this government and a person who worked perhaps more zealously than any other provincial premier to assure its election, the Honourable William Davis, Premier of Ontario. I shall first quote briefly from his statement, issued in response to the budget, following which I shall put my question.

● (1415)

Premier William Davis of Ontario has stated that the new budget "takes billions of dollars away from the consumers and fails to use it to finance energy saving measures." He went on to say, and again I am quoting his words, that he had:

"grave concern" about the oil and gas price increases in the budget. The province had warned that huge price increases will cost Ontario jobs.

He said:

What in fact appears to be happening is that billions of dollars will be taxed from people across Canada and transferred to the treasury of the federal government and the governments of the producing provinces. These massive new revenues are not being adequately returned to consumers and the economy.

He went on at great length to say: that this budget would "place a severe financial hardship on many people." He concluded by saying: "Among the wealthy it will not promote conservation. Among the disadvantaged it will cause serious financial hardship."

In view of the fact that this statement has been made by the leading provincial Conservative premier in this country, surely the government must be concerned, and I ask this question: Apart from the vague assurances that have been given that the additional revenues will be used for energy-related projects, how does the minister believe he can convince the Canadian people when he has not been able to convince the Conservative Premier of Ontario that he has any tangible and useful plans for spending this money? Is he in a position this afternoon to describe for the Senate some of the specific alternate energy projects that are going to be the recipients of additional funds to be realized by this budget? Perhaps a positive statement now will reassure the Premier of Ontario as well.

**Senator de Cotret:** Honourable senators, I would certainly hope, first of all, to reassure the honourable senator opposite who referred to "vague statements in the budget" that the budget was very explicit in saying that all revenues to be received by the federal government from the new energy tax would be recycled in the economy in the form of investments



of one kind or another in new energy sources. Far from being a vague statement, it was a categorical and clear-cut statement.

In terms of the specific projects that will be funded in one way or another by these revenues, an announcement will be made in due course. But there is no question about our intent to recycle these funds from the energy tax into the economy to increase our capacity and to enhance our supply of domestically produced energy.

**Senator Perrault:** May I ask, then: Can the minister explain the source of concern on the part of Premier Davis, a Conservative premier, I understand, who campaigned for the honourable minister, and the man who campaigned for the Conservative Party in the last federal election? Why is the Premier of Ontario unconvinced that the specifics simply are not there for energy conservation?

**Senator de Cotret:** Well, honourable senators, I would certainly be happy to ask him the next time I see him. I have no idea why he has concerns of this nature. Our plans have been clearly laid out. This is not a proposal that we put forth last night in terms of energy. This is a policy. This is the policy of the federal government with respect to energy. It is the policy that will lead us to self-sufficiency by 1990. It is the policy that this country needs to insure itself against the uncertainty of foreign supplies. It is the only responsible policy that this government can take at this time, to give Canadians the access to their own energy supplies that they deserve and require.

**Some Hon. Senators:** Hear, hear.

**Senator Perrault:** Well, for some curious reason the same applause for the government is not being accorded by provincial Conservatives in Queen's Park this afternoon.

The honourable minister stated that these promises in the budget are not vague, and yet in his own words he said a moment ago, "We are going to spend these monies in one way or another on energy projects." Perhaps the minister may wish to cite one specific segment of the program. Surely in the planning stage the minister has specific projects which can be delineated more exactly rather than assuring us this afternoon that the money is going to be spent "in one way or another."

● (1420)

**Senator de Cotret:** Well, certainly, honourable senators, I could talk about a number of projects or programs that were referred to in the budget speech last night.

**Senator Buckwold:** We have time. Keep talking.

**Senator de Cotret:** Oh, yes, I will. I have time, too. There is no rush. It is a sufficiently important document for Canada that it deserves time.

We have talked, for example, about the need to provide funds to help industry and also to help heavy oil energy users and to help homeowners in various parts of the country to convert from oil to natural gas, because as you well know we have abundant supplies of natural gas but we have a shortage of oil. One of the stated objectives of our strategy is to encourage that kind of switchover from oil to natural gas. Part of those funds will be allocated for that purpose.

Part of the funds will also be allocated for the purpose of encouraging the shift from the oil-powered generation of electricity in the Atlantic provinces to the generation of electricity through other sources. Part will be devoted to fund specific offshore energy programs.

I think all of those examples, or examples along those lines, were provided by the minister last night either in his budget speech or in the documents that accompanied the budget speech.

In terms of exact dollars, we have made a commitment. We have made a commitment that the funds that would be derived from the energy tax would be recycled in the economy for purposes such as this. We have given examples; we have made the commitment.

If there is a certain degree of prescience on the part of members opposite that we have not yet been fortunate enough to attain to in terms of exactly how much it will cost to encourage the conversion, for example, from the use of oil in various segments of our economy to a greater reliance on natural gas, I would be most happy to receive that information. But we will be introducing a program shortly to move along in just those ways.

We have also talked about the CHIP program. That was mentioned specifically in the budget speech. That program has been highly successful in terms of the participation of Canadians in increasing the insulation in their homes. We have talked about expanding that program and we have also talked about the possibility, since it is a housing program, of transferring that program to the provinces, with the adequate funding to carry it out.

Those are all examples, and I presume the honourable senator was asking for examples. There is a long list of things that have to be done. They have to be done now, if we are to ensure that as a nation we are no longer dependent on decisions made outside our borders in terms of our energy future.

#### EXCISE TAX ON GASOLINE—FEDERAL SUBSIDY FOR URBAN TRANSIT

**Senator Perrault:** May I ask the Honourable the Minister of Industry, Trade and Commerce a question relating to the price of gasoline? This morning there was a traumatic shock awaiting motorists when they drove up to the gas pumps and found that they now have to pay almost \$1.40 per gallon for gasoline. Many of them would like to have the option of lower-cost urban transport. They would like to have the opportunity to leave their automobiles in the garage and use urban transport to get to work.

On April 4 of 1977 the Honourable Sinclair Stevens, now President of the Treasury Board, stated that, "the very first Conservative budget will see \$290 million to encourage the urban transit system." I want to ask the minister what happened to the promise made by Mr. Stevens that \$290 million for urban transit would be made available in this budget.

**Senator de Cotret:** Urban transit is very much under consideration. I can assure the honourable senator that it is well

past the stage of study. I certainly would not want to suggest that we have been inactive in this area. It is before cabinet at the moment and I expect that we will be in a position to announce a decision in the near future.

#### EXPORT TRADE—FEDERAL SUBSIDY

**Senator Perrault:** I know the minister is quite concerned with the subject of export trade. He has spoken to a number of seminars on that subject, and has spoken well. The same President of the Treasury Board made a statement just about the same time. He said that the "first Conservative budget will include \$75 million in support of export sales."

I want to ask the minister where the budget provides the money for the improvement of export sales.

● (1425)

**Senator de Cotret:** I shall have to refer that question to the attention of the minister. I would be happy to mention other budget statements that I have before me going back over the last two or three years, but I would not dare bring the level of debate in this house to within such a narrow partisan focus.

**Hon. Senators:** Oh, oh!

**Senator de Cotret:** So I shall refrain from doing so. There is no question that export trade is one of the main preoccupations of the government and of the Economic Development Committee. A number of reports have been presented recently, one of which, to be made public in the next few days, is the Hatch Committee's Report on Export Promotion. Excellent suggestions have been made by that committee. Changes will be brought to the Export Development Corporation in the area of export financing, and those decisions should be announced within the next few weeks. They will certainly be beneficial in supporting the further efforts that we are making in the field of export promotion and export financing in this country, and I am sure they will meet with the overwhelming approval of honourable senators on both sides of this chamber.

#### INCOME TAX—PROGRESSIVE CONSERVATIVE PARTY CAMPAIGN PROMISE

**Senator Perrault:** I have one final question. Perhaps it should be directed to the Leader of the Government. On November 20, 1978, the Leader of the Conservative Party made a solemn promise to his "fellow Canadians" that there would be "personal income tax cuts of at least \$2 billion in the first Conservative budget." That promise was repeated by the Honourable Sinclair Stevens about the same time. I would ask the leader: What about this massive promise that helped propel the Conservative government into power? Where is it in the budget?

**Senator Flynn:** It is quite obvious that following the statement to which Senator Perrault referred, the government encountered a multitude of problems left on the table by the retiring administration.

**Hon. Senators:** Oh, oh!

[Senator de Cotret.]

**Senator Flynn:** And that some promises have had to be postponed. However, it does not mean that they do not remain in the program of the Progressive Conservative Party.

We have to make the Canadian people realize what a mess the new government was left with. Decisions which should have been taken over the years now have to be taken by the Conservative government, and some may well be rough decisions from the point of view of the Canadian people. However, we will not avoid doing what is necessary in the common interest, and those promises that cannot be met now will be met eventually.

**Senator Perrault:** Honourable senators, that argument really does not wash in view of the fact that the President of the Treasury Board, after the Conservative government assumed power, said that the books were in better shape than he had expected.

**Senator Flynn:** That was his first assessment. I believe he corrected it afterwards. It was only because he accepted the arguments made by the former administration. If I am not mistaken, after reviewing the situation he changed his mind.

In any event, Senator Olson has given notice of an inquiry on the budget speech, and when that inquiry is proceeded with all these matters can be discussed at length. His inquiry may be a good thing. It would certainly be in better order than the lengthy questions of the Leader of the Opposition in confusing the facts and trying to confuse the public—

**Hon. Senators:** Oh, oh!

**Senator Flynn:** —and perhaps confusing the members of his own party.

#### DISTINGUISHED VISITOR IN THE GALLERY

THE HON. ROBERT H. MACQUARRIE—SPEAKER OF THE NORTHWEST TERRITORIES ASSEMBLY

**The Hon. the Speaker:** Honourable senators, I hesitate to interrupt the Question Period, but I feel it is my duty to call the attention of the Senate to the fact that we have a very distinguished visitor in our gallery to the south. He is the new Speaker of the Assembly of the Northwest Territories. I am sure that honourable senators would wish to welcome him, the Honourable Robert H. Macquarrie, Doctor of Education, member for Yellowknife Centre in the Assembly.

**Hon. Senators:** Hear, hear.

● (1430)

#### ENERGY

DOMESTIC OIL AND GAS PRICES—FEDERAL-PROVINCIAL NEGOTIATIONS

**Senator Olson:** Honourable senators, I would like to ask the Minister of Industry, Trade and Commerce a question about the status of the negotiations with the producing provinces. It seems to me, by way of preamble to my question, that last night the Minister of Finance laid out fairly well, and in



enough detail for us to be able to understand, the federal government's position respecting future increases in the price of oil and the relationship between that price and the price of natural gas. However, I would like to ask the minister what outstanding differences, or points of disagreement, remain to be resolved between the producing provinces, particularly Alberta, and the federal government.

**Senator de Cotret:** Honourable senators, the only outstanding point that is still unresolved is that concerning the specifics of the tax mechanism by which the federal government will recoup 50 per cent, or thereabouts, of the increase in the wellhead price of crude above \$2 per barrel per year. It is with regard to that matter that the discussions are going on.

I would like to re-emphasize what I said a few minutes ago to an earlier question. What we laid out in the budget last night in terms of the price of crude oil and the price of gas, in terms of the energy bank, in terms of the measures we would take with regard to conservation and with regard to substitution and enhancement of supply, is federal government policy. That will not change. What we are doing with the producing provinces is reaching agreement on that final specific mechanism by which we can ensure that the federal government receives approximately 50 per cent of the increase in the wellhead price of crude beyond the \$2 per barrel that was previously in place.

**Senator Olson:** Is it fair to say, then, that Alberta has agreed to the \$4 per barrel increase in 1980, and \$4.50 per year after 1980 until, I think, 1983?

**Senator de Cotret:** Honourable senators, as I believe I had said to Senator Olson on previous occasions, we had an agreement in principle on all of the elements of the energy package except that tax mechanism. When you look at an agreement you cannot say that everything is set "except this." It is a package. Obviously the package will either be accepted or it will not. What I am saying today is that what we laid out last night, in the budget presented by the Minister of Finance, was the federal policy in this matter. In principle we have an agreement with the producing provinces, and we are working out the mechanism that I referred to just now.

[Translation]

## THE BUDGET

### IMPACT ON THE ECONOMY

**Senator Marchand:** Honourable senators, there are two or three facts that I would like to place before you following the reading of the budget speech. I would like particularly to draw your attention to the appendices used as assumptions for the government's projections.

For example, I see on the one hand that about \$400 million will be eliminated from the government's books and be paid by employers and employees in respect of unemployment insurance. On the other hand, the consumer price index for 1980, 1981 and 1982 will rise about 30 per cent, or about 10 per cent a year. There will also be higher unemployment. I could quote

the figures I have before me saying there will be more unemployment.

I do not say those scenarios are wrong. I am not in a position to destroy them but the only thing I am trying to do is to assess the impact that will have on collective bargaining and the social climate in Canada.

In view of those figures and remembering the days when I was in the labour movement, I have serious apprehensions. According to the projections, wages will not keep up with rising consumer prices nor will the rate of unemployment decline. I do not know under what logic one can think that workers, regardless of productivity, are going to demand less than the consumer price increases. I have to say that makes me a bit fearful because it is an important factor in the debate between the labour movement and employers in Canada. There are considerable pressures on prices.

**Senator de Cotret:** These are no doubt very valid questions. Now, as far as the data go, I do not have the budget documents with me. Still, if my memory is correct, I would like to tell you at this point that the forecast for the increase in the rate of unemployment is for 1980, not 1981, 1982, 1983.

There will be a reduction in the rate of unemployment after a year, in 1980, which will be a difficult year. Indeed, I said on several occasions that was mainly due to the fact that the U.S. economy will be going through a recession and, in the technical sense, that means we cannot expect two quarters of negative growth in 1980. However, considering the weakness of the U.S. economy, we are still forecasting an acceptable rate of real growth in the economy of about 1 per cent, which is much lower than our potential.

The Minister of Finance indicated last night he was anticipating for 1980 an average rate of unemployment of about 8¼ per cent, if you look at subsequent years, depending on the document to which you refer—

**Senator Marchand:** This is one of your papers.

**Senator de Cotret:** Yes, it must be one of ours.

**Senator Marchand:** It is an appendix to the budget speech.

**Senator de Cotret:** I would ask you to refer to the last paragraph of the first page which contains a short note which is very important and also very interesting. It concerns the status quo projections that the government accepts, in a way, but which will influence the economic situation in the next few years.

As for the inflation rate, it will certainly be higher next year because of the energy price increases. This is inevitable and there is no way to hide the fact.

However, we believe that the Canadian population as a whole, in spite of the problems that may exist at the present time and realizing fully our economic potential for the years to come, will face the challenge reasonably without causing a undue acceleration of wage increases.

**Senator Marchand:** For the information of the honourable minister, I would like to note that unemployment has reached a level of 7.5 per cent in 1979. You were nearly right about the

1980 figure since it is 8.3 per cent. However, unemployment will not go down since the forecasts show a level of 8.3 per cent for 1981 and of 7.7 per cent for 1982. This is still .2 over the level of 1979. These are the projections concerning unemployment. I am not saying that this is not a good methodology. I am not saying that the figures are wrong, but simply that this paper will have a major impact on collective bargaining and indirectly on inflation.

**Senator de Cotret:** If you are talking about the impact of the budget or of the estimates, I can say quite honestly that psychologically and as concerns contents, this budget will have much more impact than any other in the last several years. The net impact of the budget will be extremely positive as concerns growth, inflation and unemployment.

**Senator Marchand:** I do not see how the honourable senator can say such a thing, especially since the productivity figures show minus .01 per cent for 1979, minus .04 per cent for 1980 and minus .08 per cent for 1981. It is only in 1982 that we have a positive figure of 1.1 per cent for productivity increase. This does not make me particularly optimistic.

**Senator de Cotret:** I must point out respectfully that the honourable senator is making a big mistake in interpreting the figures. He should compare what would have happened without the justified initiatives of the present government with the projections contained in these papers. What is important is the difference between the two. I am telling you that this difference is very positive.

#### FUTURE RATE OF INFLATION

**Senator Thériault:** Honourable senators, to follow the questions asked by Senator Marchand, I would like to read to the Minister of Economic Development a short paragraph from the brochure entitled *Budget in Brief*. I shall read the second paragraph in English:

[English]

Government spending increases over the next four years will be held to an annual average of 10 per cent—virtually no increase after allowing for inflation.

My question to the minister is: Is it an accepted policy of the present government that for the next four years the minimum increase in the inflation rate that the Canadian people can expect is 10 per cent?

● (1440)

**Senator de Cotret:** The honourable senator is obviously reading much more into that statement than I would have read into it or, if I had written it, that I would have written into it. That is very clearly a maximum. It is a maximum that imposes a very strict financial discipline, because the expectations over the same period are that nominal GNP will be rising, on average, at an annual rate of 13 per cent. If nominal expenditures by the federal government increase by only 10 per cent while nominal GNP is increasing by 13 per cent, the honourable senator will readily notice the amount of constraint involved, and also that the relative size of the federal govern-

[Senator Marchand.]

ment sector relative to GNP will decline. If my memory serves me well, over that same period the size of the federal government sector relative to GNP falls from 20.6 per cent, which is an historical high, to 18.3 per cent. I stand to be corrected on the decimal points there; I have not looked at the numbers today.

**Senator Thériault:** I thought I had asked the minister a very simple question.

**Senator Flynn:** You never know.

**Senator Thériault:** I expected a very simple answer, which could have been yes or no. Again I quote:

Government spending increases over the next four years will be held to an annual average of 10 per cent—virtually no increase after allowing for inflation.

That is over four years.

Again, I ask the minister: Is it an accepted policy of this government that the minimum inflation rate that the Canadian people can expect over the next four years is 10 per cent? If he had given me a yes or no answer I might have followed through by expressing my concern, as Senator Marchand has done, about what the effect of this will be when the labour movement and the labour leaders of this country go to the negotiating table, in either the public or the private sector.

**Senator Flynn:** You have done it now.

**Senator de Cotret:** I will answer that with a very categorical no. Your first question asked me whether we were saying that the minimum rate of federal expenditures would be 10 per cent, and I think I answered that question. When we say we are going to hold expenditures to 10 per cent, that does not mean that is going to be the minimum. It means that is going to be the maximum. When you hold something to a level you limit it to that level.

**Senator Thériault:** It says "average"—a four-year average.

**Senator de Cotret:** I won't quarrel over a four-year average. I agree with that. On the question about inflation, the statement you read is contained in a small pamphlet called *Budget in Brief*. It says things in brief. Senator Marchand has obviously taken the care, for which I commend him, to read the supplementary documents, and since I do not have them here he would be in a better position than I to give you the projected increase in the CPI over that period. You will see that it is declining, and that it is not 10 per cent per year over that same period.

**Senator Thériault:** I am not surprised at all at the government jargon that is used in budget speeches. I have seen a few of them in my lifetime.

**Senator Flynn:** You should know about that.

**Senator Thériault:** I am trying to make the points sufficiently clear that the average Canadian can understand them, not only the experts like the minister.

**Senator Flynn:** Do that yourself.



## PROPOSED CANADIAN ENERGY BANK

**Senator Thériault:** I have another question for the minister. Perhaps I should not quote from this pamphlet entitled *Budget in Brief*; perhaps it should never have been produced. However, I quote from it:

A federal-provincial Canadian Energy Bank will be formed to finance energy development projects with private sector participation.

Can the minister inform this house if there has been an agreement with every province of Canada in relation to this federal-provincial Canadian Energy Bank, and what participation we can expect from the private sector?

**Senator de Cotret:** I can inform the honourable senator that there has been agreement between some provinces and the federal government with respect to the federal-provincial Canadian Energy Bank.

**Senator Steuart:** How about Alberta? Is there agreement with Alberta?

**Senator de Cotret:** Yes. Are you surprised?

**Senator Steuart:** I am delighted to hear it.

**Senator de Cotret:** I keep on answering the same questions over and over again. There is agreement from Alberta on the package. The honourable senator laughs. If you are in direct communication with Alberta more than I am, fine.

**Senator Steuart:** Closer than you are.

**Senator de Cotret:** Then you are in a very fortunate position, and I envy you. There is agreement in principle. There is no problem there. Senator Thériault asked me if there was an agreement with all the provinces of Canada, and to my knowledge the answer is no. I am not sure that there was an agreement sought from all provinces in Canada. There will be provincial participation and there will be federal participation in the Canadian Energy Bank, and I am satisfied that that will happen.

**Senator Thériault:** This is what bothers me about the whole budget that I listened to last night. We are given what are supposed to be facts, but based on what? I asked the minister a two-part question. He answered with a partial no to the first part of my question. The other part of my question he ignored completely. What participation can we expect from the private sector in the creation of this federal-provincial Canadian Energy Bank?

**Senator de Cotret:** There is no question that there is going to be active participation by the private sector in the development of the very many projects that will be sponsored by this new federal-provincial Canadian Energy Bank. The honourable senator keeps on talking about the impreciseness of the policy. I am quite astounded by that. Short of presenting, as we will, the specific legislation and the specific proposals setting up this institution, I would be hard put to make it much more specific than it was made in the budget speech last night.

**Senator Thériault:** Wait and see.

## INCREASED EXCISE TAX ON AVIATION GASOLINE

**Senator Lucier:** Honourable senators, I have a question for the minister responsible for economic development. While most honourable senators may be shocked at the increase of 25 cents, or whatever it will be, even 50 cents eventually, on the price of a gallon of gasoline, which is now \$1.05, I should like to inform you that for the people of the north, in places like Dawson City and the Northwest Territories, that will be tagged on to present prices of \$1.50 and \$1.70 for gasoline. My question is: While there are exemptions in the budget for farmers, fishermen and urban transportation, I wonder if people who fly small commercial aircraft have been taken into consideration for exemptions; and if not, is there a possibility that they will be? I think that is a group of people who should be considered. North of the 60th parallel is not the only place to which this applies, but it applies particularly there. It is very difficult. They are already having a difficult time because of the price of fuel, so I wonder whether they could be included in the categories exempt from the increase in the excise tax on transport fuels?

● (1450)

**Senator de Cotret:** I would be happy to look into that. I should like to point out, though, that there was a major measure introduced in the budget to deal with people, particularly people in the north, who fly small commercial aircraft. That measure had to do with the tax treatment of the capital cost allowance on the aircraft which was, for the first time, deductible, if I am not mistaken, against other sources of income.

I will be happy to check that specific measure, but I believe it was directed specifically to people in the northern part of this country where this kind of situation prevails most, but I would be happy to look into it and give you a detailed answer.

## REBATE OF EXCISE TAX ON GASOLINE

**Senator McElman:** Honourable senators, my question is supplementary to that raised by Senator Lucier, but since it has to do with taxation, I will direct the question to the Leader of the Government.

As Senator Lucier said, there is provision in the budget for a rebate of 10 cents a gallon of gasoline used for farming, commercial fishing and urban public transit. My question relates specifically to my own province, which is 85 per cent forested, with 10 pulp and paper mills. I say that to show you the significance of woods work to my province.

In this country, there are many thousands of woods-workers who work for marginal wages. Many of these woods-workers, contrary to the old tradition of spending winters in the woods, now commute on a daily basis. This entails one-way travel of 20 to 50 miles, which means round trips of 40 to 100 miles a day. They use a substantial amount of gasoline simply to go to and return from work. This is the pattern in the leaders' home province as well as in my home province. I will not refer to the cost of fuel used in chain saws, but to just the cost of fuel required for transportation to and from work.

Bearing that in mind, I should like to ask the Leader of the Government to make a special appeal on behalf of the woodworkers in the province of New Brunswick, as well for those in his home province of Quebec, and those in north central Ontario, northern Saskatchewan and British Columbia, so that they may be given consideration similar to that given the farming industry, commercial fishing industry and the urban public transit industry. They now face a net increase of 8 cents a gallon instead of 18 cents a gallon. If the same consideration could be provided for woodworkers, it would certainly be appreciated.

**Senator Flynn:** I certainly will put that question to my colleague, the Minister of National Revenue. However, I am not sure how these cases are treated under the present law. It seems to me, if permanent residence is not required in certain operations, that the cost of transportation is a deductible expense. If such an interpretation is already in place, the additional cost of transportation will, of course, be treated in the same manner as the present cost of transportation. In any event, I will obtain an opinion from the Department of National Revenue on that.

**Senator McElman:** Since there is special provision in the budget as brought down last evening for farming, commercial fishing and urban public transit, would the Leader of the Government make representation to his colleague that similar and equal treatment be given to woodworkers?

**Senator Flynn:** If there is no relief at the present time, it might be considered, but, as I have suggested, it could be that this instance is already provided for.

#### EXCISE TAX ON DIESEL FUEL—SPECIAL CORPORATION SURTAX

**Senator Buckwold:** I have two questions to put to the Minister of Industry, Trade and Commerce for clarification insofar as the budget is concerned.

My first question involves the energy excise tax. I am particularly interested in the impact on diesel fuel. From what I can gather, up until now there has been no excise tax on diesel fuel. If I am correct in assuming that the term "transportation fuel" now includes diesel fuel, then I believe I am correct in assuming that a tax of 25 cents per gallon will be imposed on diesel fuel, with a rebate of 10 cents per gallon when it is used in the farming, commercial fishing and urban public transit industries.

If these assumptions are correct, the impact on farmers, who use a large amount of diesel fuel, will in fact be a 15 cent increase in the price of that particular, useful and necessary commodity. I should like to have your comment on that, because I am sure that question will be asked.

While I am on my feet, I will ask my other question, which relates to the special surtax of 5 per cent of regular federal income tax payable by corporations.

Am I correct in assuming that the provinces will also share—those provinces which are involved in tax agreements with the federal government—in their percentage of that tax?

[Senator McElman.]

The Leader of the Government shakes his head, and he is always handsome when he does that, but the question remains whether in my province, where the provincial government collects 47 per cent of the federal tax, 47 per cent of the increased tax paid to the federal government will go to the province. In fact, that would mean that corporations in that province—and I can only refer to Saskatchewan—will be paying approximately 7 per cent more rather than the extra 5 per cent that has been announced.

**Senator de Cotret:** The answer is yes to the first question. The new excise tax on transportation fuels definitely does include diesel fuel. Since there was already an excise tax on gasoline, the new tax implies an increase of four cents a litre. Since there was no previous excise tax on diesel fuel, the new tax implies an increase of 5.5 cents a litre.

With respect to your second question, my temptation would be to answer that it is structured in a way that it does not affect provincial revenues, but I should like to take that question as notice so that I may satisfy myself that, in fact, that is the case. As I said, my inclination would be to say that it does not. However, it might, so I should like an opportunity to look at the ways and means motion to be sure of that.

**Senator Buckwold:** I have one supplementary question. It seems, having had your advice, that farmers will be paying an additional 15 cents a gallon as of today on all diesel fuel? Is it fair that this particular segment of society—a segment of society so important to the national economy—should have to shoulder this extra burden all at once?

• (1500)

Would the government consider an amelioration of this tax? Perhaps there could be an easing into it, rather than imposing it in one fell swoop and thus adding a very heavy burden to an already overburdened farming community?

**Senator de Cotret:** First of all, you are correct in suggesting that, for diesel fuel, there will be an excise tax, net of the rebate, of 15 cents per gallon. Provision has been made for fishermen and farmers because, to quote the words of the Minister of Finance, fishermen and farmers are the backbone of our economy. Yet, we are facing a difficult period. We are facing difficult short-term issues, and at the same time we are looking ahead to building a base on which this country can move aggressively to realize its economic potential over the next decade.

I do not think the budget has singled out any particular group. Everything possible has been done to mitigate the impact on those segments of the Canadian economy that are least able to deal with the adjustments we must go through. That is why there has been an income adjusted refundable tax credit introduced on the energy side; that is why for fishermen and farmers there is a rebate in respect of the excise tax increase.

If one looks at the budget closely—I see some honourable senators smiling—

**Senator Steuart:** That is me.



**Senator de Cotret:** Nonetheless, if one looks at the budget closely, one will see that it has attempted, to the greatest extent possible, to spread the burden of the necessary adjustments as equitably as possible. Certainly, the benefits that will accrue downstream will benefit equitably Canadians from coast to coast in all circumstances and all walks of life.

**Senator Steuart:** If you last that long.

**Senator Flynn:** It is not a question of lasting.

## FINANCIAL ADMINISTRATION ACT

### COMPTROLLER GENERAL OF CANADA

**Senator Everett:** Honourable senators, I have a question for the Minister of Justice. In the Third Session of the last Parliament we passed Bill C-10, to amend the Financial Administration Act. The purpose of that bill was to create the position of Comptroller General of Canada. The minister, speaking during debate on the measure, was critical of the bill, stating that he wanted the Comptroller General to report to Parliament, and expressing his desire that the exact duties of the Comptroller General be set out in the act. Indeed, he proposed an amendment to the bill setting out the precise duties of the Comptroller General.

Now that he is Minister of Justice and a member of the inner councils of government, I am wondering whether he would be favourable to such an amendment as he proposed at that time.

**Senator Flynn:** Since becoming a member of the administration, I have considered the arguments put forward by the then government of the day, possibly including those put forward by Senator Everett, as to why we should not be too specific about the role of the Comptroller General. I am now monitoring the process to determine whether or not they were right. When I come to a conclusion on the matter, I shall let you know what I propose.

**Senator Perrault:** Another reversal!

**Senator Everett:** A supplementary. Can we be assured that when the minister is back in opposition, he will take the same view?

**Senator Flynn:** Possibly. I might add that I sometimes envy those in opposition. I always felt very much at ease on your side of the house, especially with you on this side. It was much easier for us, I think, than it is for you.

**Senator Steuart:** Call an election and you will be back in opposition.

## THE BUDGET

### DOMESTIC PRICE OF CRUDE OIL—GOVERNMENT POLICY

**Senator Austin:** Honourable senators, I should like to return to the question of the budget, and specifically to matters relating to energy policy.

Senator Buckwold has already posed some questions respecting the impact of the increase in the excise tax on transportation fuels, but he did not mention that the very farmers and fishermen he spoke of, and others in Canada, will have to deal with an increase of \$9.50 in the price of a barrel of crude oil by July 1, 1981, assuming the intentions of the Minister of Finance are put into effect.

My question, which I shall direct to Senator de Cotret, is: Is it the intention to raise the domestic wellhead price of oil by \$4 a barrel effective July 1, 1980? The budget was not clear as to when that first increase would take place.

**Senator de Cotret:** The next increase is the scheduled increase on January 1, 1980, an increase of \$1 per barrel, to be followed by an increase of \$2 per barrel on July 1, 1980, to be followed by an increase of \$1 per barrel on October 1, 1980, to be followed by an increase of \$2.25 per barrel on January 1, 1981, a further \$2.25 per barrel on July 1, 1981, and each January 1 and July 1 thereafter until 1983, at which point there will be an examination of the relationship between the domestic price of crude and the lower of the average international price and the price at Chicago.

If at that point the domestic price is lower than 75 per cent of the lower of the Chicago price and the average international price, the difference will be made up by the increase on January 1, 1983.

Then on January 1, 1984, a calculation will be made to determine the extent to which we are lower, if at all, than 85 per cent of the lower of either the average international price or the Chicago price and, if we are lower, an adjustment will be made to bring the price up to 85 per cent of the world price for oil. At no time throughout that period will the domestic price of crude exceed 85 per cent of the lower of the average international price and the Chicago price.

**Senator Austin:** I thank the minister for his answer. I believe that is the first time the schedule of pricing adjustments has been made available.

### POSSIBLE NATIONAL GAS EXPORT TAX

**Senator Austin:** I wonder if I might ask the Minister of Industry, Trade and Commerce whether or not the government has considered and rejected the possibility of an export charge on natural gas.

**Senator de Cotret:** We have certainly not rejected any such possibility. It is a matter that is being considered at the moment.

### DOMESTIC PRICE OF CRUDE OIL—GOVERNMENT POLICY— AGREEMENT BY ALBERTA AND SASKATCHEWAN

**Senator Austin:** I gather from the minister's earlier answer that the pricing schedule for oil, of which we have now been advised, is agreed to by the Provinces of Alberta and Saskatchewan. Would that be correct?

**Senator de Cotret:** In principle, yes.

## CANADIAN ENERGY BANK

**Senator Austin:** With respect to the federal-provincial Canadian Energy Bank, is it the intention of the government that the revenues to be raised by the increases in the wellhead price of oil and natural gas—that being the 30 cents per thousand cubic feet referenced in the budget—go directly to the federal-provincial energy bank as the federal government's contribution to that concept?

**Senator de Cotret:** I am not sure how to interpret the senator's use of the word "directly". The total tax revenue to be derived would not go to the energy bank. The budget does contain a schedule showing the contribution of the tax revenues to the federal-provincial energy bank in terms of equity for each of the fiscal years from 1980-81 to 1983-84.

**Senator Austin:** Is there some relationship between the cash flow that would be moved to the energy bank and the federal government's total equity in that bank? Can it be related at this stage? Perhaps you can begin by telling us what equity position the federal government will take in that bank.

**Senator de Cotret:** I shall have to take the question as notice. I believe that by the fourth year, there would be an equity position on the part of the federal government of approximately \$1 billion, and it grows year by year to that level. But I shall take the question as notice. I shall check the budget papers and provide you with the exact figures.

**Senator Austin:** On that hypothesis—and I appreciate that the answer is not an exact one—is it the intention of the federal government to ask all or certain of the provinces to contribute an amount equal to the contribution of the federal government, or a larger amount?

● (1510)

**Senator de Cotret:** First of all, I would like to correct the answer I gave you just a moment ago. The contribution to the Canadian Energy Bank in 1980 will be \$42 million, and more than \$1.5 billion over the four years will be contributed by the federal government to the energy bank. That is the federal contribution alone. The provinces are also being urged to participate in Canada's energy future by providing equity and loans to the bank. As a result, by 1983-84 we expect to have a substantial amount of money in that bank available for the development of major energy projects.

**Senator Austin:** Has the minister advised us that the Province of Alberta is agreeable to making contributions to this federal-provincial energy bank?

**Senator de Cotret:** I would have to take that question as notice in terms of exactly what the position of the Province of Alberta is to contributions to this bank. There have certainly been discussions between the federal government and Alberta on this matter, and there is an understanding about the establishment of the energy bank. But whether they would contribute in equity form or in loan form, or at all, is something I would have to refer to my colleague the Minister of Energy for a specific answer.

[Senator de Cotret.]

**Senator Austin:** I have one final question on this subject of the energy bank, which is a very interesting one. Will the bank be instructed to make loans only, or will the bank also be entitled, as is possible in commercial banking, to take equity in some of the energy projects as part of the total financial transaction?

**Senator de Cotret:** I think that is a question that will have to await the specific announcement of the creation of the National Energy Bank for a reply.

## ENERGY TAX CREDIT

**Senator Bosa:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. I would like him to clarify a statement which is to be found on page 5 of the budget speech, as follows:

I am announcing tonight an income-tested, refundable, energy tax credit of \$80 per adult and \$30 per child per year—

Does it mean that the people who qualify for this income-tested program have to wait until the spring of 1981 before they can receive whatever monies are due to them?

**Senator de Cotret:** Honourable senators, I think that is a very germane question, but, of course, the answer is yes. If the honourable senator knows how to run an income-tested program in any other way, then the government would very much like to hear about it. I have no idea how you run an income-tested program without knowing the income first.

**Senator Bosa:** I did not want to argue with the minister. I just wanted to ascertain whether my interpretation of this question was right.

I have a question of the Leader of the Government in the Senate. The leader has stated on several occasions the reason that this government cannot keep some of the promises it made during the election is because it inherited from the previous administration certain adverse conditions of the economy which prevent it from keeping those promises. I would like to ask the leader if he could tell us what areas of the economy surprised him and his government, and so prevented them from keeping those promises. I know the minister has a great sense of humour and he also has a great ability as an orator, but please, in this particular case, I am not looking for humour or oratory, but a straightforward answer.

**Senator Flynn:** One of these days, honourable senators, I will have occasion to make a very, very long speech.

## FOREIGN AFFAIRS

## IRAN—POSSIBLE INTERNATIONAL ECONOMIC BOYCOTT

**Senator Haidasz:** Honourable senators, I would like to direct a question to the government leader who is very knowledgeable and co-operative. Will the government leader inform this chamber whether the Government of Canada has been approached by the Government of the United States to join



them in some kind of economic boycott of Iran, as the Government of France has been asked to do?

**Senator Flynn:** I think I have something here for you. I do not know if the officials of the department knew that you were going to be questioning me on that, but the answer I have been provided with by the Department of External Affairs—and here I am replying on behalf of the minister—is as follows:

We are looking at all kinds of ways in which Canada, working with other countries, can exert maximum influence on the Iranian authorities to bring about the earliest possible release of the hostages.

We understand the American Government is presently consulting with its major allies as to how to increase pressure on Iran, and Canada will stay closely in touch with these discussions to help us determine what kind of action we might take in connection with any collective measures that may be discussed.

As far as unilateral Canadian action is concerned, it would obviously be less effective than action in concert with like-minded countries, given the relatively small scale of our economic involvement with Iran at present.

#### IRAN—ADMISSION OF NATIONALS TO CANADA AS STUDENTS

**Senator Haidasz:** I have a supplementary question. Would the government leader reveal to this chamber the policy of the Department of Immigration towards granting student visas to Iranian nationals, especially in view of the fact that an immigration official has stated that screening procedures for student visas are inadequate.

**Senator Flynn:** This is rather a technical question, and I will look into it, but I do not think there is any policy at this time to treat Iranian students in any different fashion from that of any other group.

### THE BUDGET

#### SPECIAL CORPORATION SURTAX

**Senator Everett:** I have a question for the Minister of State for Economic Development. I am a little concerned about the surtax on corporation income tax introduced in the budget last night. As I understand it, it is a tax of 5 per cent on the tax to be paid by each corporation in Canada. Certain corporations, and I am thinking especially of some very large financial corporations, are able to reduce their taxable income so that the percentage of tax they pay in relation to their reported net profit is considerably less than the roughly 50 per cent that would be called the standard rate. If the objective of the government is to derive revenue from corporations in Canada in order to pay the additional costs of some of the programs they have put forward, would it not make sense to impose that tax more fairly on all corporations?

It seems to me that what the government has done is to impose a greater tax on those corporations that are paying the most tax, and corporations that are able to reduce their taxable income—and I have no quarrel with that if they can

do it—will pay less tax than those paying the full tax. The reason I quarrel with this is that in the situation in which we have a temporary requirement, as the Minister of Finance put it, to assist in the payment of programs, why is it not more evenly distributed among the corporations, and why does it hit in many cases the medium-size corporations, and allow some of the largest financial corporations in the country to get away with a lower tax?

**Senator de Cotret:** I shall have to take that question under notice, because I would like to give you the measure of profit on which the surtax is based. It does exclude certain things. I just cannot remember exactly what the exclusions and inclusions are. Rather than lead you into error—

● (1520)

**Senator Perrault:** Oh, oh.

**Senator de Cotret:** Well, some of us are concerned about leading others into error. Rather than do that, I would prefer to verify it to make sure I can give you the specific answer.

**Senator Everett:** May I ask a supplementary? It might be helpful, in giving the answer, to take, say, the major banks' income taxes as a percentage of their net profits as opposed to someone who is paying the standard rate on his net of 51 per cent.

**Senator de Cotret:** All right.

**Senator Everett:** Thank you.

**Senator Godfrey:** When the minister is looking into that could he bear in mind that, as I have been informed, Stelco has paid no corporate tax in the last four years and does not intend to pay anything in the next nine to ten years because of the large expansion program it has, and the very fast writeoffs for depreciation.

How will it affect companies like Stelco? Will they continue to pay no tax, with this 5 per cent? Could you include that in your investigation as well?

**Senator de Cotret:** I will be happy to provide you with the answer, senator.

### ENERGY

#### SELF-SUFFICIENCY—RESOURCES AND COST OF DEVELOPMENT

**Senator Connolly:** Honourable senators, I have a question to direct to the Minister of Industry, Trade and Commerce. It is on a much lower level of urgency than most of the questions this afternoon.

**Senator Flynn:** At least those of your leader.

**Senator Connolly:** Honourable senators, I would like to jog the minister's memory about a question I asked a couple of weeks ago in connection with the self-sufficiency program and objective of the government. It would be helpful to the Senate if we could have answers to those questions some time.

Perhaps I should add that those questions are rather far-reaching. I make the suggestions only because I think it might

be helpful both to the minister and to the Senate. Senator Manning has an item on the Order Paper, which is No. 6, having to do with the national energy policy, and that comes close to the series of questions I asked the minister. It might be a useful device for ministers in the Senate to be able to use debates of that kind. Perhaps this would be a good vehicle to deal with that issue. The minister might be able to range considerably farther than the details of the questions I asked. I make that only as a suggestion.

**Senator de Cotret:** Thank you very much. I will accept it as such.

## THE BUDGET

### DEFINITION OF SMALL BUSINESS

**Senator Hays:** Honourable senators, I should like to direct a question to the Minister of Industry, Trade and Commerce. Has there been any change in the definition of small business as a result of the budget last night? How do you define "small business"?

**Senator de Cotret:** To my knowledge there has been no change in the definition of "small business." I will be happy to provide the senator with the definition of "small business" for tax purposes.

**Senator Lang:** The wife is now included as an employee.

**Senator Hays:** Thank you.

### DELAYED ANSWERS

**The Hon. the Speaker:** Are there delayed answers?

**Senator Flynn:** Yes, I have several, honourable senators. Before I give them, may I say that it has occurred to me that when answers are of a technical nature and are fairly lengthy it might be appropriate to place them on the record rather than to read them. I think that would be especially appropriate when the Question Period has lasted for as long as it has today.

I wonder if those honourable senators who have asked the questions would be satisfied if I were to ask for leave to have the answers printed at this point in *Hansard*. I have here, for example, the answers to two questions raised by Senator McElman, one regarding oil product supplies for the Atlantic provinces and the other regarding increases in storage capacity for oil in Quebec and the Atlantic provinces. These answers are rather technical.

If honourable senators want me to read the replies I have received, I do not mind, but otherwise I would ask that the replies be printed at this point in *Hansard* and that if honourable senators have any supplementary questions they put them tomorrow.

**Hon. Senators:** Agreed.

**The Hon. the Speaker:** Is it the request of the Leader of the Government that these answers be printed as appendices to today's *Debates*?

[Senator Connolly.]

**Senator Flynn:** No. I would like to have them go in at this point.

**Senator Smith (Colchester):** He wants them to go in the record at this point.

**The Hon. the Speaker:** My understanding, then, is that rather than being printed as appendices the answers will be printed as if they had been read by the senator. Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

*Senator Flynn's delayed answers follow:*

## ENERGY

### ATLANTIC PROVINCES—SECURITY OF FUEL OIL SUPPLIES

**Senator Flynn:** Senator McElman asked what action the government is taking to ensure that heating oil supplies would be available to customers of Gulf. In response I would like to say that the government has been in contact with representatives from Gulf Canada concerning that company's crude oil supplies for its Point Tupper refinery. Its next cargo of Iranian crude, which is still on its way and should arrive in mid-December, will permit Gulf to run its refinery until February. Gulf hopes to replace the lost Iranian crude with supplies from Kuwait, as it did during the Iranian curtailment last winter.

The government is concerned about the current oil supply situation. However, it believes that the oil companies will take the necessary actions to ensure adequate supplies for their customers. A number of companies have already indicated an intention to import higher-cost cargoes of heating oil to meet supply requirements.

To further assist in bringing demand more closely in line with prospective supplies, the Minister of Energy, Mines and Resources has teleaxed his provincial colleagues requesting that they consider what accelerated conservation measures could be immediately implemented to reduce consumption this winter. This subject will be discussed at the upcoming First Ministers' Conference.

Finally, while the government does not foresee a supply situation requiring mandatory allocation or rationing, the members of the Energy Supplies Allocation Board will be in place this month. Should there be a serious supply shortage, this board will ensure that available offshore and domestic oil is allocated on a reasonable and equitable basis to all regions including the Atlantic provinces.

### ATLANTIC PROVINCES AND QUEBEC—STORAGE CAPACITY FOR CRUDE AND REFINED OIL

**Senator Flynn:** Senator McElman asked last week about oil storage capacity. In reply I would indicate that the last significant increase in oil shortage capacity occurred with the expansion of the Irving Refinery in 1976. At that time approximately 1.7 million barrels of crude oil storage was added at the Irving installation in Saint John, New Brunswick.



The previous Liberal government did not have a program of incentives to encourage the expansion of oil storage facilities. However, inasmuch as there has existed since the mid-1970s substantial excess refinery capacity in eastern Canada, and in particular in the Atlantic provinces, there has also been some under-utilization of available crude oil tankage. Given the increasing cost of crude oil and the financial costs involved in carrying stocks above working requirements, oil companies will generally only store enough crude to meet prospective refinery runs even though additional tankage may exist.

Discussions with some oil companies and terminal operators earlier this year indicated that some surplus tankage existed in the Montreal and Quebec City areas. However, it is possible that in building heating oil inventories for this winter some of this tankage has subsequently been utilized.

The federal government is now in the process of examining the need to build a Canadian strategic petroleum reserve. In this context it is reviewing both the possibility of using any surplus above-ground tankage that might be available as well as underground storage options.

### MULTICULTURALISM

#### CANADIAN CONSULTATIVE COUNCIL ON MULTICULTURALISM AS SOURCE OF ADVICE

**Senator Flynn:** I should like to respond to a query raised by Senator Bosa when he asked what mechanism the Canadian Consultative Council on Multiculturalism (CCCM) will employ to report directly to Parliament should it perceive that the government is not following the advice it has been given.

The minister has advised me that, while the terms of reference for the CCCM have been revised to allow the council to bring to the attention of the public matters it deems to be important, the primary function of the CCCM continues to be to provide a source of consultation to the government directly through the Minister of State for Multiculturalism. It is the understanding of the minister that it is not the normal practice for bodies which are advisory to ministers to report directly to Parliament. Moreover, the minister advises me that he will continue the practice of tabling the annual reports of the council.

### EMPLOYMENT AND IMMIGRATION

#### REFUGEES FROM INDOCHINA—REDUCTION IN GOVERNMENT SPONSORSHIP

**Senator Flynn:** Honourable senators, on Thursday last, December 6, Senator Thériault asked a question with respect to refugees. I had elaborated, for the benefit of honourable senators, upon the changes made to the government's refugee sponsorship program. Senator Thériault wondered if those changes had been motivated by increased pressure on the part of those opposed to the refugee program.

I would like to reassure Senator Thériault that the new approach has nothing whatsoever to do with any negative opinions which may have been expressed by a very small

minority of Canadians towards the refugee program. In fact, the overwhelmingly positive response of individual Canadians to the desperate plight of Southeast Asian refugees has encouraged the government, while maintaining the commitment to 50,000 refugees before the end of 1980, to divert funds which the government would have expended on bringing refugees to Canada to providing additional medical and food aid to the refugees remaining in Southeast Asia.

All honourable senators will appreciate that while Canada's effort in sponsoring refugees is second to none, our country can absorb a certain maximum, and the humanitarian figure of 50,000 has been established. I believe that all Canadians will applaud increased assistance by our government to those hundreds of thousands of refugees who remain in Southeast Asia.

### FOREIGN AFFAIRS

#### ZIMBABWE-RHODESIA—CANADIAN ROLE IN CONSTITUTIONAL CRISIS

**Senator Flynn:** Honourable senators, I have a response to the question asked by Senator Macquarrie regarding the encouraging developments in Zimbabwe-Rhodesia and the possibility of Canada playing a role in the resolution of the civil war there.

General agreement has been reached on all of the elements of the settlement package for Rhodesia, and the parties involved in the Rhodesian conflict have agreed to move quickly to settle the remaining details on implementing a ceasefire. These include arrangements for the disengagement and disposition of the opposing forces and the time between the signature of the ceasefire agreement and the beginning of the ceasefire itself.

The Canadian government is pleased with the advances that have been made to date in the London talks to bring peace to Zimbabwe-Rhodesia. At the Lusaka Conference last summer, the Prime Minister indicated that Canada would be prepared to participate in some kind of force or group that would help bring about an internationally acceptable solution, namely, the eventual holding of free elections. Our talks at that time were more on the supervision and holding of elections than on participation in a military peacekeeping force. We have had discussions with the Chief Electoral Officer here in Canada on how Canadians could be brought into any activity relating to the election process, how they might be recruited and what their role might be. The question of whether we might contribute to a peacekeeping or peace-monitoring force has never been raised with us so we have been concentrating on the aspect which we discussed with Britain and officials at Lusaka, namely, that of helping in the monitoring and workings of the election process only. Should any other request come from Britain, we would have to evaluate it at that time.

## TRANSPORT

### VANCOUVER HARBOUR—GRAIN SHIPMENTS—RESTORATION OF RAIL SERVICE TO NORTH SHORE

**Senator de Cotret:** Honourable senators, I also have several delayed answers that I should like to have placed in the record. I would ask for the indulgence of my colleagues to have them put in in the same fashion as were the replies of my honourable colleague, the Leader of the Government.

For example, I have a response to Senator Perrault on the Vancouver Harbour with respect to grain shipments.

**Senator Perrault:** If it is short, I would appreciate a verbal reply.

**Senator de Cotret:** On October 12, 1979, as the honourable senator knows, the CN Second Narrows Bridge of North Vancouver was extensively damaged on the north span after a collision with a Japanese freighter. A contract was awarded to CANRON Inc. to undertake repairs to the bridge, and CN expects that the bridge will be re-opened as anticipated by the end of January 1980.

Contingency plans were undertaken to move commodities by barge across to North Vancouver as well as increased movements to Port Moody, re-routes to Roberts and diversion over BC Rail to North Vancouver. Grain movements on BC Rail from Prince George to the North Shore grain terminals have been very satisfactory.

Car unloads, despite the fact that the bridge has been out, have continued at a high level and continue to run ahead of last year at Vancouver. For example, in week 18 last year, that is the week ending November 29, the number of cars unloaded was 2,070 as compared to 2,978 this year. Elevator stock and vessel situation are good.

### THUNDER BAY—ICE-BREAKING FACILITIES

**Senator de Cotret:** Honourable senators, I have another answer to a question by Senator Perrault on the ice-breaking facilities at Thunder Bay.

**Senator Perrault:** Is it a long reply?

**Senator de Cotret:** I have several replies to various questions and they are all about the same length.

**Senator Perrault:** If there is a time factor, why not just put them on the record?

**Senator de Cotret:** If you are happy to have them put on the record, honourable senators, I would ask for your indulgence in that respect.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

*Senator de Cotret's delayed answers follow:*

**Senator de Cotret:** In reply to a question in the other place by the honourable member from Thunder Bay-Nipigon, the Minister of Transport did announce that it was the intention of Transport Canada to dispatch the *Alexander Henry* to Thunder Bay for this winter season. This ship is now equipped with

a new air cushion ice-breaking bow which will improve the effectiveness of its operation. The *Alexander Henry* is scheduled to arrive in Thunder Bay at approximately mid-December. We can assure the honourable senator that the Coast Guard will monitor the situation closely to ensure that, with the availabilities of resources, ice breaking appropriate to the situation is maintained in the area.

## GRAIN

### FOREIGN SALES OBJECTIVE

**Senator de Cotret:** I would like to assure the Honourable Senator Olson that contrary to his statement that we are running quite low in grain exports this year in relation to previous years, this is certainly not the case. In fact at the present time we are running a considerable percentage ahead this year in relation to last. Our exports are up by about 300,000 or 400,000 tons and this government is looking at every positive way in concentrating on an all-out effort to get that figure increased. As I indicated in my response to Senator Perrault, car unloads at the west coast have continued at a high level and continue to run ahead of last year with elevator stock and vessel situation good. At Port of Thunder Bay, the same can be said; the number of car unloads is good and the elevator stocks are high. The minister responsible for the Canadian Wheat Board said in the other place: "We are sure that we will come very close, notwithstanding some of the problems—bridges falling down and some burning—to increasing our exports by 20 per cent, the figure which we have set as a target."

That is the minister's target and that is the target that this government is determined to achieve. There are 2,000 new hopper cars coming on stream right now with another 3,000 to follow during summer and fall of 1980. In addition, some 5,000 rehabilitated boxcars will be coming on stream by the last quarter of 1980. This is a total of 10,000 boxcars and hopper cars between now and 1981.

We can also point to the 24,000 tonnes of barley which were shipped from the Port of Churchill last month. This is the latest date that a vessel, in this instance, the *M.V. Arctic*, put into the Port of Churchill to pick up a cargo of grain. It is anticipated we can have the *M.V. Arctic* into Churchill in late June 1980 to open the season earlier in that port.

### TRANSPORT CO-ORDINATOR—MEASURES TO EASE TRANSPORTATION DIFFICULTIES

**Senator de Cotret:** Dr. Hugh Horner, as the Honourable Senator Olson is no doubt aware, was appointed by the government and will work in co-operation with farm organizations, provincial governments, grain handlers, longshoremen, the railways, the Canadian Wheat Board and others to improve our transportation system capabilities to meet the ever-expanding world trade of grain.

I can assure the honourable senator that Dr. Horner is well on his way in beginning to unravel the problems and complexities in the transportation of grain in this country. Recently he



announced the establishment of his office in Winnipeg and the appointment of several senior staff members. In addition to the Winnipeg office, Dr. Horner will be setting up branches in Saskatchewan and Alberta. He has in the past several weeks begun his consultations with those groups I have just mentioned and is continuing to meet with them, and we have confidence in Dr. Horner's ability as the new grain co-ordinator to get our grain moving faster and in a more efficient and effective manner into both export and domestic markets.

## TRANSPORT

### PRINCE RUPERT—CONSTRUCTION OF NEW GRAIN TERMINAL

**Senator de Cotret:** I would like to advise the Honourable Senator McDonald that the Minister of Transport announced in Calgary at a meeting with the Alberta Wheat Pool delegates November 30 that the site for the new Prince Rupert terminal has been selected, and the site chosen is Ridley Island. The site evaluation report included several specifics. Probably most important were: (1) the ability to develop an operational structure approximately nine months sooner at Ridley Island; and (2) an estimated additional cost of \$20 million which would be required at the Kaien Island site at Casey Point. I strongly support the minister in his statement that if we wish to export more grain, it is imperative that the new terminal at Prince Rupert go on stream as quickly as possible, and it is estimated that if we proceed quickly, the new terminal at Ridley Island can become operational by 1984. I know that the Minister of Transport expects to have all arrangements finalized by the end of the year so that development can be under way with no further delays.

With regard to the honourable senator's supplementary question, an interchange agreement between Canadian Pacific and Canadian National whereby cars from both railways will be able to move grain into Prince Rupert is in final negotiation. This agreement covers movement from both the present elevator and the new one. The development of Prince Rupert is clearly contingent upon the interchange agreement. If we can arrive at a suitable agreement vis-à-vis Prince Rupert, it may well set the stage for further interchanges such as to Churchill. When these negotiations have been completed, we would be more than willing to make the honourable senators apprised of it.

### CROWSNEST RATES FOR MOVING GRAIN

**Senator de Cotret:** The Minister of Transport knows what the Crow rates mean to the western farmer. He knows the historical and economic significance of these rates to all western Canadians and we as a government have no intention of removing the benefit of the statutory rates as it now exists. There are pressures to modify its application, to review its structure, and there are differing views as to how it affects the total industry. There is concern expressed about its impact on secondary or value-added industries. These expressions of opinion are coming from individual producers, organizations, and various sectors of the industry.

I want to assure you that any changes that may be contemplated will come only after there is full consultation with the producers, for we happen to believe that the producers of this country have some excellent ideas and views and we intend to capitalize on that expertise.

Secondly, we believe that the railways have a firm obligation to move grain expeditiously, effectively and efficiently in the national interest and in the producers' interest. I want to make it very clear that under our government the railways will not be allowed to run just the gravy trains.

And in saying that we are not accepting as gospel the formula of Snively, just as we have not accepted Prac or Booze-Allen.

Thirdly, any freight rate adjustment will have to be coupled with adequate service guarantees.

Fourthly, because we consider grain to be a national asset, we in the federal government will not shirk from our responsibility in backing up that commitment with federal resources.

## PENITENTIARIES

### MEDICAL RESEARCH RESPECTING INMATES

**Senator Flynn:** On November 29, Senator Thompson asked a very detailed question regarding medical treatment administered to inmates of federal penitentiaries.

I have been able to obtain a thorough but highly technical reply, which is as follows:

In order to answer the question as specifically as possible, it has been divided into two parts: Individuals carrying out medical research; and the use of electric shock treatment.

In response to the first part, no such research took place in the Atlantic, Quebec and Prairie Regions.

In the remaining Region of Ontario, the only research on behavioural reaction to prescribed drugs was a study conducted by Dr. Workman, published in the November 1975 edition of the *Canadian Family Physician* and entitled "Psychotropic Drugs and Aggression," which found that some tranquilizers have a disturbing effect on certain inmates.

There have been no experimentally controlled programs conducted on inmates in the Ontario Region by any pharmaceutical or drug manufacturing company.

In the Pacific Region, modified electroplexy, which is a legitimate treatment for certain serious forms of mental illness, was used at Riverview Hospital for some federal inmates prior to the opening of the Regional Psychiatric Centre in 1972.

At the Regional Psychiatric Centre, four cases received modified electroplexy for the treatment of severe mental disorders under qualified medical practitioners in 1972 and 1973.

In reply to the second part of the question, no electric shock treatment has been used in the Quebec, Ontario and Pacific Regions. In the Prairie region, electric shock treatment was occasionally given up until five years ago. It has not been given since that time except in outside hospitals, in controlled cir-

cumstances, by outside specialists. No other centre has any knowledge of electric shock treatment administration.

In the Atlantic Region, Dr. Phillip Michel has prescribed and performed electric shock treatment on inmates from Dorchester Penitentiary. This is done at the Moncton Hospital and only on mentally ill inmates who, in the opinion of the psychiatrist, require it and who voluntarily sign a consent form.

Dr. E. Ryan has referred some inmates from Springhill Institution to the Nova Scotia Provincial Hospital for Psychiatric Treatment. Some of these inmates eventually received electric shock treatment while in this hospital.

Due to the necessity of providing an immediate response to the senator's question, it is not possible at this time to provide answers to the last part of his question: "If so, by what doctor was it administered, in what institution, and when?" A factual response would require research of some 30,000 to 35,000 medical records in all five regions as well as those held by the Public Archives in Ottawa.

It must also be borne in mind that, since penitentiary institutions are not equipped to provide electric shock treatment, the Canadian Corrections Service would have to check the records of outside hospitals to ascertain the various doctors involved. This, of course, would take a considerable length of time.

### THE CABINET

#### MINISTERIAL RESPONSIBILITY IN THE SENATE—ANSWER TO QUESTION TABLED

**Senator de Cotret:** Honourable senators, I have a final question from Senator Everett on ministerial responsibility in the Senate. This answer is fairly long and detailed.

**Senator Olson:** Honourable senators, I gather this last answer is several pages long. Bearing in mind the cost of printing that material either at this point in our proceedings or as an appendix to today's proceedings, would it not be better to table the answer? It would save the expense of printing it and the senator would still receive the information he requested.

**Senator Roblin:** Hear, hear.

**Senator de Cotret:** Honourable senators, that is a good suggestion, because I have also appended a book to that last answer setting out the new expenditure management system of the federal government as required by Senator Everett. I have also appended the legislation setting up the Ministry of State for Economic Development. It is in both languages. It is fairly lengthy, and I would be quite agreeable to having it tabled.

• (1530)

**The Hon. the Speaker:** Is it agreed, honourable senators, that the previous group of answers be treated as if read or spoken in today's *Debates of the Senate*, and that the final answer be tabled.

**Hon. Senators:** Agreed.

**Senator de Cotret then tabled:**

[Senator Flynn.]

Copies of a paper respecting the Cabinet Committee on Economic Development and a duplicate of the original Proclamation, dated December 19, 1978, establishing the Ministry of State for Economic Development.

Document entitled "The New Expenditure Management System", outlining the envelope system for allocating and controlling expenditures of the Government of Canada, dated December 1979, issued by the Department of Finance.

### APPROPRIATION BILL NO. 2, 1979-80

#### SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Doody, seconded by the Honourable Senator Marshall, for the second reading of the Bill C-29, intituled: "An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1980".—(*Honourable Senator Petten*).

**Senator Langlois:** Honourable senators, shortly before entering the chamber this afternoon, I agreed to be the spokesman for members on this side of the house on this bill. It is my intention to speak tomorrow. Therefore, if possible, I should like to have this item stand in my name for consideration tomorrow afternoon.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

Order stands.

### NORTHERN PIPELINE

#### MOTION FOR ADOPTION OF FIRST REPORT OF SPECIAL SENATE COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Olson, P.C., seconded by the Honourable Senator Perrault, P.C., for the adoption of the First Report of the Special Committee of the Senate on the Northern Pipeline.—(*Honourable Senator Macdonald*).

**An Hon. Senator:** Stand.

**Senator Olson:** Honourable senators, I do not mind if this item stands. However, it has been on the order paper for approximately two weeks, and I would appeal to members on the other side and ask that it be dealt with early next week. There are arrangements that the committee would like to make and, of course, the committee depends on the motion for adoption being agreed to.

**Senator Roblin:** Honourable senators, if I may speak to this matter, I would thank Senator Olson for his patience. I agree that the item has been outstanding since late November. I have some hope that we may be able to advance the debate one



stage tomorrow. I cannot guarantee it, but I am hopeful. It is at the top of our priority list, and we will try to get to it as soon as possible.

Order stands.

## ENERGY

### PROPOSALS FOR A NATIONAL POLICY—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Manning, P.C., calling the attention of the Senate to certain proposals for a national energy policy for Canada.—(*Honourable Senator Olson, P.C.*).

**Senator Olson:** Honourable senators, I should like to yield the floor to Senator Godfrey.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Godfrey:** Honourable senators, I wish to comment briefly on two statements that Senator Manning made in his speech on this subject. At page 387 of Senate *Hansard* he makes the following statement:

The reason why the Ottawa River Valley was chosen was not geographic. It was approximately the point in Canada where the cost of Alberta oil coming east equated the cost of offshore oil coming in from eastern Canada. So it did not upset the pricing structure to any significant degree.

The statement made by Senator Manning is strictly correct as of that time; but the impression might be left that there was no real difference from then on between the price of western oil in Ontario and imported oil in Quebec and the eastern provinces.

I should like to refer to a table which the National Energy Board submitted to the House of Commons Standing Committee on National Resources and Public Works. It is dated February 21, 1973, and is a comparison of the crude oil prices in Ontario and Quebec. The table shows that between 1962 and 1971 western Canadian crude in Ontario cost 51 cents per barrel more than foreign crude in Quebec.

According to the Energy, Mines and Resources report *An Energy Policy for Canada*, the cost of transporting oil from Quebec to Ontario over this period would have been about 15 cents per barrel. On average, then, Ontario refiners had to pay about 36 cents more per barrel of oil as a result of the national oil policy.

That may not seem very much at the present time, but honourable senators have to bear in mind that between 1962 and 1971 the price of oil was \$3.14 per barrel. So it resulted in an increase of approximately 11 per cent for Ontario in having to buy Alberta oil instead of imported oil.

The next point in Senator Manning's speech, to which I would like to refer, appears at page 388 of Senate *Hansard*, where he says that when Alberta buys B.C. lumber, salmon or gold, and so on, they pay the international market price. He goes on to say:

The same is true of Ontario nickel, Quebec iron, and so on. They are all sold at the international price. Western oil is the only commodity that should be treated differently.

No doubt that is a typographical error. I believe it should say "is treated differently." I must confess that when I heard Senator Manning make that statement, my jaw dropped, literally as well as figuratively. I recalled that for many years there had been at various times a two-price system for copper.

I had the Research Branch of the Library of Parliament prepare a paper for me on the subject. I sent a copy to Senator Manning, and I should like to read several extracts from it. On page 2 it says:

In 1965 the federal government placed copper under the Export Import Permits Act, which required federal permits for the exportation of copper in all forms... By the first months of 1966, the London Metals Exchange price was double the Canadian producer price.

Later on, the paper says:

On March 1, 1970 the federal government set the domestic price of copper at 59¢ per lb. (the LME price was then at about 85¢) while at the same time requiring domestic firms to supply 23,500 tons of copper per month for Canadian use.

The domestic price in that case works out to 70 per cent of the international price. Later on, at page 4, the paper says:

—by 1974... the LME price was about \$1.50 per lb. while the North American producer prices were at about 80¢. The federal government again set domestic prices well below the world level and as a result had to force Canadian producers to meet domestic demands.

That worked out to about 53 per cent of the world price.

I merely wanted to point that out to show that the statement by Senator Manning, that western oil is the only commodity that is treated differently, is not in accordance with the facts.

**Senator Olson:** I wonder if I might ask the honourable senator a question? He mentioned that from approximately 1962 to 1971 Ontario paid about 36 cents per barrel more than it would have had to pay for offshore oil. I believe those are the figures he used. Would he agree that that investment, in establishing an oil delivery capability from western Canada since 1973, has probably returned to Ontario at least tenfold, and perhaps as high as fortyfold, its initial investment?

**Senator Godfrey:** I agree that it was absolutely the right policy to follow. I believe it was good for Ontario as well as Alberta, in the long run. The great thing is that it established a principle that, I should point out to the people of Alberta, certain provinces are prepared to make sacrifices—in that case, not a very large sacrifice—in the interests of another province and of the country as a whole. I would heartily agree with the principle established so firmly by the national oil policy.

**Senator Smith (Colchester):** Honourable senators, I wonder if I might ask Senator Godfrey if, in connection with the

research project which he asked the Library of Parliament to carry out, this was the only instance in which he could find that Senator Manning's assertion was in error?

**Senator Godfrey:** I did not inquire. I asked them only to look into the question of copper. I recalled quite clearly that for many years there was a two-price system for copper.

**Senator Smith (Colchester):** Honourable senators, I wonder if I might also ask Senator Godfrey if he can remember, without research, that it is the custom in other parts of Canada to sell products made in Ontario at a price substantially more than that charged in Ontario for those same products? Automobiles would be an example.

• (1540)

**Senator Godfrey:** I am well aware of the fact. I am constantly reminded by people in other provinces that, of course, the cost of transportation and shipping has to be added on, and that they, therefore, do pay higher prices.

**Senator Smith (Colchester):** I am not talking about the cost of transportation. I am talking about the price charged for the vehicle altogether, aside from any allowance for transporting it from the place of manufacture to the place of sale.

**Senator Godfrey:** I was not aware of that fact. If that is true, then I feel something should be done about it, just as I have always felt something should be done about the fact that Canadians in Toronto, for example, generally pay more for cars manufactured in Ontario than people in the United States pay for them. I am well aware of the fact that manufacturers claim that they have higher distribution costs in Canada—though they have never been able to convince me of that—in order to justify higher prices. The fact is that we in Ontario pay more for cars made in Oshawa than they pay down in St. Louis.

**Senator Smith (Colchester):** By the same token, will the honourable senator admit that the price he would pay in Toronto for a Volvo, brought in from Nova Scotia, would be substantially less, even allowing for the cost of transportation to Ontario, than the price he would pay if he bought the same vehicle in Halifax?

**Senator Godfrey:** I am not aware of that, but I accept your word that it is true.

On motion of Senator Frith, debate adjourned.

### MULTICULTURALISM

MOTION REQUESTING MINISTER OF STATE TO APPEAR BEFORE  
STANDING SENATE COMMITTEE ON HEALTH, WELFARE AND  
SCIENCE—DEBATE ADJOURNED

**Senator Bosa,** pursuant to notice of Thursday, December 6, 1979, moved:

That the Senate request that the Minister of State for Multiculturalism appear before the Standing Senate Committee on Health, Welfare and Science within the next ten days to explain the government's reversal in its policy on multiculturalism, as announced during last

[Senator Smith (Colchester).]

spring's election campaign, to the effect that the Canadian Consultative Council on Multiculturalism would have the direct authority to decide upon applications for funding from various ethnocultural groups across the country.

He said: I move, seconded by Senator Lang, that this motion be now adopted.

**The Hon. the Speaker:** It is moved by the Honourable Senator Bosa, seconded by the Honourable Senator Lang, that this motion be now adopted.

**An Hon. Senator:** Is this a motion or an inquiry?

**The Hon. the Speaker:** This is the motion standing in the name of Senator Bosa. It is Motion No. 2 on the order paper.

**Senator Smith (Colchester):** On a point of order—

**Senator Bosa:** Am I permitted to speak now?

**Senator Smith (Colchester):** I am not sure what is going on. If Senator Bosa is merely introducing his motion so that he can make a speech, I will not make my point of order. If he is doing something else, however, then I would think I have a right to speak.

**The Hon. the Speaker:** I take it that Senator Bosa is proposing a motion to the Senate. It has been moved and seconded, and I now call on Senator Bosa to speak to the motion standing in his name.

**Senator Bosa:** Honourable senators, the reason for my putting this motion at this time is that I want to avoid asking questions relating to multiculturalism every day of the Leader of the Government in the Senate, or some other government representative. These questions are usually taken as notice, and then, a few days later, we get a reply in written form from the appropriate minister.

Before going any further, perhaps I may be allowed to quote from a policy paper issued by the Progressive Conservative national headquarters on May 3, 1979, concerning multiculturalism, which raises many questions. As honourable senators may have gathered by now, I am the official critic on this particular subject. It is a subject which interests me particularly, as it interests many millions of Canadians across the country.

On page 3 of this statement we read:

We believe that you do not safeguard diversity or encourage multicultural understanding by creating an ethnic ghetto within government that sets them apart from other Canadians in their access to public services.

I would like to ask the minister how he proposes to change that.

Then there is another statement I wish to read:

Even the Privy Council Office, responsible for the most senior appointments within government, should be open to advice on how to ensure that qualified Canadians of all ethnic backgrounds have fair opportunity for advancement.

There is another question I would like to ask on that.



There is a statement here also that if the Conservatives formed the government they would amend the Immigration Act, in its opening reference to the "federal and bilingual nature of Canada," by inserting the word "multicultural."

In a different part of this statement it says:

A Progressive Conservative government will not shelve multicultural policy away in the Department of Labour between elections, as Mr. Trudeau did in 1974.

That is precisely what has happened today. We have a Minister of Multiculturalism who also has other responsibilities. He is the Minister of Fitness and Amateur Sport as well, for example.

Here is another quotation:

A P.C. government will look to the C.C.C.M., not the civil service, as its primary source of advice on multicultural policy and ethnic services. We will also shift control over the bulk of federal direct spending in this field to the

C.C.C.M., subject to government guidelines and the usual guarantees of Parliamentary accountability.

We have had an answer to this question already, reflecting a dramatic change in this policy, since the government does not intend to carry out the promise that it made in that regard.

There are other reasons why I would like to see the Minister of Multiculturalism appear before our committee, and other questions that I would like to put to him. I am sure that honourable senators would not want me to rise every day and put these questions piecemeal, and wait three or four days before getting an answer. For that reason I urge honourable senators to support this motion so that the minister may appear before the Standing Senate Committee on Health, Welfare and Science to deal with these very important questions.

On motion of Senator Marshall, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

## THE SENATE

Thursday, December 13, 1979

The Senate met at 2 p.m., the Speaker in the Chair.  
Prayers.

### FOREIGN AFFAIRS

#### KIDNAPPING OF MEMBER OF LOWER SPANISH HOUSE— COMMUNICATION FROM SPANISH AMBASSADOR

**The Hon. the Speaker:** Honourable senators, I have the honour to report that, as your Speaker, I have received the following communication from the Ambassador for Spain accredited to Canada, His Excellency Antonio Elias, which reads:

Your Honour:

It is with great pleasure that I have the honour to inform you that the Spanish member of Parliament Javier Ruperez has been released unharmed by his captors after over a month of captivity.

Please accept and convey to the Senate the deep gratitude of the Parliament and the Government of Spain for the humanitarian gesture made by the Senate immediately after the kidnapping, a gesture which has undoubtedly contributed to this happy outcome.

Please accept, Your Honour, the assurances of my high consideration.

**Hon. Senators:** Hear, hear.

### STANDING RULES AND ORDERS

#### FIRST REPORT OF STANDING COMMITTEE—SPEAKER'S RULING ON POINT OF ORDER

**The Hon. the Speaker:** Honourable senators, at the conclusion of Tuesday's sitting I took into consideration the direct reference of a point of order to the Chair by Senator McElman. That reference concerned comments made by Senator Bosa on December 4, and I quote:

Honourable senators . . . I wonder if I may have your permission to raise a matter on a point of clarification.

At that time I heard no dissenting voice. Senator Bosa then began to discuss the vote of the Senate which referred back to committee a report of the Committee on Standing Rules and Orders as a result of an amendment proposed by Senator Neiman. At that time Senator Bosa said, and again I quote:

I just wonder whether the Senate was not too hasty in adopting that amendment—

Following Senator Bosa's remarks on December 4, Senators McDonald, Roblin and McElman rose on a point of order, and the point of order was later directed to the Chair by Senator

Smith (Colchester). The point of order was that Senator Bosa was out of order in attempting to comment adversely on an action taken by the Senate in the current session.

I dealt with the matter on December 6 in what I called, perhaps unwisely, a "non-ruling." I did so because of certain customary latitudes in the Senate in the matter of the application of our rules, as well as some difficulties in their interpretation.

On December 11, as honourable senators will recall, Senator McElman again raised the matter as, to use his phrase, a "continuing point of order," requesting, if I may quote again, a "firm ruling" from the Chair.

Before reaching a decision, I found it necessary to refer to two particular questions that had been raised during the discussions, the first being whether leave (or, for that matter, consent) was granted to Senator Bosa when he rose and, secondly, if so, what was the extent of the leave or consent granted, because there is a subtle but very important difference under our rules between "leave" and "consent".

On the first point I reached the decision that leave and consent had been granted to Senator Bosa when he began to speak on that occasion in respect to some but not all of the rules involved. Certain rules require that consent be granted, and that, of course, is merely majority agreement; others require that leave be granted, and when leave is requested and granted it must be by unanimous consent, that is with no dissenting voice.

● (1410)

Now I find that consent was granted under one rule and leave under another rule on that occasion, because of the words used by Senator Bosa when he rose and asked "permission" and there was no dissenting voice.

I think honourable senators will agree that the practice and custom in this place is for senators not to insist on strict adherence to words, expressions and nomenclature as they appear in our rules. The grant of leave or consent is often by implication, for example, when a senator asks permission of the Senate to proceed without necessarily observing all the required formalities under rule 3, which reads:

3. Notwithstanding anything in these rules, any rule or part thereof may be suspended without notice by leave of the Senate, the rule or part thereof proposed to be suspended, and the reason for the proposed suspension, being distinctly stated.

My ruling on this matter of leave or consent refers, of course, only to the specific time and occasion. I would not want it to be taken as a precedent because I hope that the time will come when it will not be necessary to regard a request for



"permission" to be taken by the Chair or by the Senate as "leave." That would be a matter of adhering perhaps more strictly than we have been doing to our rules.

The second question, of course, is more difficult. That question is: For what was leave granted? For what period of time when Senator Bosa was on his feet was he entitled to consider that he had leave in the one case and consent in the other? I would say this, honourable senators, and I hope it will be agreed, that when a senator asks leave he is in effect moving a motion, not necessarily a formal motion, that a certain rule or rules, or perhaps all the rules, that would constrain him be suspended *pro tem*, for the time being. I think honourable senators will agree that that is one possible interpretation of our rules. He is asking, perhaps, that a specific rule or all of the rules that constrain him be suspended. This, of course, creates a difficulty, because we have not been accustomed to observe our rules strictly, particularly the basic rule that when leave is asked, the rule to be suspended shall be stated and the reason shall be stated. It is for that reason that we run, I believe, into these difficulties.

I took the position at first that both leave and consent had been granted to Senator Bosa to proceed as he wished regardless of any constraining rule. That was the position I took at that time. On a more thorough examination of the proceedings on the days involved, those being November 29 and December 4, 6 and 11, and of our rules and the appropriate authorities, not the least of whom is the distinguished Clerk of the Parliaments who sits in front of me at this moment—I have consulted him, of course—I am now inclined to modify that position to say that Senator Bosa had leave only in respect of rules 27 and 43(2) as applicable, both of which would have required notice, but not including the suspension of rule 1. I find it so, because it seems necessary in circumstances such as these to retain the authority of rule 1 to provide a continuing capability of reassessment for senators to decide whether they wish the leave they had given to continue indefinitely as the proceedings advance, or to ask again as necessary from time to time, "What did we give leave to?"

As I see it, it is rule 1 that makes it possible for senators to say, "We have given leave under our rules for the suspension of certain rules, except for rule 1."

Therefore, honourable senators, although there appears to be no specific restraining rule of the Senate to apply in this particular case, the residual authority of rule 1 is applicable under the "customs, usages, forms and proceedings" of the Parliament of Canada. For that reason, Senator Bosa was out of order when he proceeded to comment adversely on action taken by the Senate on November 29 in the current session.

Honourable senators who are interested in the background of that ruling will refer to the comments made by Senator McElman, when he placed on the record the rulings and opinions of the authorities, *Beauchesne*, *Bourinot*, and others, on this important question.

In making this ruling I take it, (if I may, from statements made by Senator Roblin, Senator McDonald, and Senator

McElman and others during the discussion) that it now appears to be the wish of the Senate that the Chair be more diligent in the future than it has been in the past in putting the request for and grant of leave to the Senate as a question from the Chair, not necessarily in obviously routine cases, as was pointed out by Senator Roblin, but at least more regularly and consistently than I have done in the past.

I thank honourable senators for bringing the important matter to the attention of the Senate.

It is never a pleasant duty to find an honourable senator not in order, particularly in the case of a senator who serves the best interests of the Senate so well and so often as Senator Bosa has done. I know he will understand that it was necessary for me to make this ruling, and I trust that it will be found to be in accordance with the rules and standing orders of the Senate and with the customs, usages, forms and proceedings of the Parliament of Canada.

**Hon. Senators:** Hear, hear.

## THE ESTIMATES

### REPORT OF NATIONAL FINANCE COMMITTEE PRESENTED AND PRINTED AS AN APPENDIX

**Senator Everett:** Honourable senators, I have the honour to present the report of the Standing Senate Committee on National Finance on the main estimates laid before Parliament for the fiscal year ending the 31st of March, 1980.

Honourable senators, I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate* of this date to form part of the permanent records of this house.

(For text of report see appendix, p. 591.)

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

● (1420)

**Senator Everett:** Honourable senators, I move that the report be placed on the Orders of the Day for consideration on Tuesday next. However, I should like, with leave, to be given an opportunity later today, before the first order of the day is proceeded with, to make some comments, not directly on the report itself but on the future work of the committee.

**Senator Flynn:** Is leave granted?

**The Hon. the Speaker:** I doubt if leave is required, honourable senators. It is moved by the Honourable Senator Everett, seconded by the Honourable Senator Steuart, that this report be placed on the Orders of the Day for consideration at the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

**Senator Everett:** Honourable senators, I also requested leave to speak to the work of the committee before the first Order of the Day is proceeded with.

**Senator Roblin:** We would be happy to grant leave from this side.

**The Hon. the Speaker:** Honourable senators, is leave granted?

**Hon. Senators:** Agreed.

## SAFE CONTAINERS CONVENTION BILL

### REPORT OF COMMITTEE

**Senator Smith (Colchester),** Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Thursday, December 13, 1979

On November 29, 1979, the Standing Senate Committee on Transport and Communications, having examined the Bill S-5, intituled "An Act to implement the International Convention for Safe Containers" reported the same without amendment.

On December 6, 1979, during consideration of the motion for third reading of the bill, it was moved in amendment that the bill be not now read a third time but that it be referred back to your committee for further consideration.

Your committee, having given further consideration to the bill, now reports the same without amendment.

Respectfully submitted,

George I. Smith  
*Chairman*

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Macdonald** moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

## QUEBEC AND MONTREAL PORT WARDENS ACTS

### BILL TO AMEND—REPORT OF COMMITTEE PRESENTED

**Senator Smith (Colchester),** Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Thursday, December 13, 1979

The Standing Senate Committee on Transport and Communications, to which was referred Bill S-6, intituled: "An Act to amend an Act to provide for the appointment of a Port Warden for the Harbour of Quebec and to amend an Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal" has, in obedience to the order of reference of November 6, 1979, examined the said Bill and now reports the same with the following amendments:

[Senator Everett.]

1. *Page 1, Clause 1:* Strike out lines 13 to 22 and substitute the following:

"to time, by order, establish fees and charges for the services described in paragraphs numbered 1. to 3. in section 27 without regard to any rates, maximum rates or sums specified in those paragraphs.

(2) Where a fee or charge is established pursuant to subsection (1) for any service referred to in that subsection, such fee or charge shall have effect notwithstanding section 27 of this Act."

2. *Page 2, Clause 1:* In the French version only, strike out line 9 and substitute the following:

"merce de Québec" à l'article 27,"

3. *Page 2, Clause 2:* In the French version only, strike out lines 33 to 37, and substitute the following:

"alinéas 1. à 3. de l'article 28 et des honoraires et frais payables par les expéditeurs des articles énumérés ou décrits à l'alinéa 4. dudit article ou en vertu dudit alinéa, chargés dans le port de"

Respectfully submitted,

George I. Smith,  
*Chairman*

**The Hon. the Speaker:** Honourable senators, when shall this report be taken into consideration?

**Senator Smith (Colchester)** moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

## BUSINESS OF THE SENATE

### ADJOURNMENT

**Senator Roblin:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move, seconded by the Honourable Senator Murray, that when the Senate adjourns today it do stand adjourned until Tuesday, December 18, 1979, at 2 o'clock in the afternoon.

**An Hon. Senator:** 1980?

**Senator Roblin:** Not yet. It's coming.

Motion agreed to.

## QUESTION PERIOD

[English]

### THE PRIME MINISTER

#### BOOKING OF TIME ON NATIONAL TELEVISION NETWORKS

**Senator Perrault:** Honourable senators, I have a question for the Leader of the Government in the Senate. I wonder if



the leader might wish to confirm or deny the report that the Prime Minister has booked television time on all national networks for this evening.

Further, if the booking has been made, could the leader indicate the subject matter that would prompt this rather unusual action?

**Senator Flynn:** I have not heard anything about that. I don't know where the Leader of the Opposition collects his information—

**Senator Steuart:** The CBC.

**Senator Flynn:** The CBC?

**Senator Frith:** Ask Senator Murray.

**Senator Flynn:** In any event, it is probably to announce—and I think the Canadian people would agree—

**Senator Perrault:** A tax reduction?

**Senator Flynn:** No, no. That the Liberal Party was not able to deliver.

**Senator Perrault:** Well, the universe will unfold, I suppose.

## THE BUDGET

### IMPACT ON THE ECONOMY—STATEMENT BY WOOD GUNDY LIMITED

**Senator Perrault:** I should like to ask a question now of the Minister of Industry, Trade and Commerce. Yesterday the minister gave real hope to all of us when he said, as reported at page 556 of the *Debates of the Senate*:

—this budget will have much more impact than any other in the last several years. The net impact of the budget will be extremely positive as concerns growth, inflation and unemployment.

All of us like to hear words of that kind, Mr. Minister. However, some of us were rather sobered by a statement that appeared in a Canadian Press article in the Ottawa *Citizen* this morning. The article quotes from a report made on Wednesday by Wood Gundy, Canada's largest firm of investment dealers, that the budget shows "fiscal conservatism is triumphant and will bring Canadian growth in real terms to zero or below in 1980."

The newspaper article goes on: "If that forecast materializes, it would be the second time in the post-war period that the economy did not grow at all."

I think the other time was when there was another Conservative government in power.

**Some Hon. Senators:** Oh, oh.

**Senator Perrault:** In view of the fact, Mr. Minister—this is not a political question—that this is a respected and responsible Canadian company, whose services have been retained by many governments in this country, including Conservative governments, I wonder if the minister would care to offer his comments.

**Senator de Cotret:** I would be delighted to comment. I made a statement yesterday by which I am willing to stand. We presented a responsible budget, a budget that faced squarely the problems that we as a nation have to face if we are to recognize the real potential that we have in this country in terms of both human and fiscal resources in the decade of the 1980s. It is a budget that will lead to lower unemployment, to stronger growth and to less inflation in this country, and I stand by that.

**Some Hon. Senators:** Hear, hear.

● (1430)

**Senator de Cotret:** I also indicated, as did the Minister of Finance in his budget speech on Tuesday night, that 1980 will be a difficult year. The U.S. is likely to experience a recession, the signs of which are already evident. We will not avoid the impact of the recession in the U.S. That was made clear in the budget, and it is certainly made clear by the history of the post-war period. Whenever the U.S. has gone into a recession, Canada has known slower growth. As a matter of fact, the period of our worst economic performance in the post-war period, in 1974 and early 1975—we did not have a Conservative government during the worst post-war period—corresponded to the worst economic recession in the U.S.

Our best estimate is that real growth in this country next year will be positive; it will be in the order of one per cent. We will not, in technical terms, know a recession. In other words, there will not be two successive quarters of decline in GNP.

Those are the statements we have made, and those are the statements we are willing to live by.

You quoted a respected source—and I agree it is a respected source—that says real growth might be zero. We feel it is likely to be one per cent. Certainly other sources are entitled to their evaluation of the situation, but we feel ours is a realistic and honest appraisal, to the best of our knowledge, of how the economy will perform next year.

## SHIPBUILDING

### BRITISH COLUMBIA—CONSTRUCTION OF BURRARD-YARROWS DRY DOCK

**Senator Perrault:** I have one final question for the Minister of Industry, Trade and Commerce relating to the west coast. I have received a number of representations from trade union workers allied with the shipyard industry on the west coast. Will consideration be given to the possibility of constructing the new Burrard-Yarrows dry dock on the west coast? As the minister knows, the proposed dry dock represents a substantial investment of taxpayers' money, and there have been reports that the dry dock might be built abroad or that there might be some preferential treatment accorded to an offshore company to build this dry dock.

If the minister does not have the reply immediately available, may I express the hope that he will bring some information on this subject to the Senate?

**Senator de Cotret:** I will be happy to bring more detailed information to the Senate at a later date, but I can certainly say, firstly, that there is no preferential treatment being given or to be given to any offshore supplier. Secondly, to underline my first point, one of the first things that we did upon taking office was to extend the period of the bids in order to allow Canadian interests to put in their bids because the manner in which the bidding had been structured in the past, by persons unknown, was such that only foreign bids had been received. We extended the bid period to make sure that we could treat this whole question in an equitable manner.

The question is still under active negotiation, and I would be happy to give any further details to this chamber as soon as I receive them.

**Senator Perrault:** I thank the minister for the information he has given, and I would welcome any further information indicating that there will be a full and fair opportunity given to Canadian firms to bid on this contract.

As the minister is aware, there is a great deal of unemployment in the Canadian shipyard industry. The industry needs this contract. This is a matter of real importance to the working people and to the economy of the west coast.

[Translation]

#### BRITISH NORTH AMERICA ACT

##### LANGUAGE RIGHTS—JUDGMENT OF THE SUPREME COURT OF CANADA

**Senator Marchand:** Honourable senators, I am informed that the Supreme Court of Canada rendered this morning an historic decision on the appeal placed before it, finding as it did that certain basic provisions in Quebec's Bill 101 are unconstitutional, and dealing also with the decision taken some 100 years ago by the then Manitoba government to withdraw language rights from its French-speaking minority. Honourable senators, this certainly is an historic decision, but there seems to be an attempt to hide the fact that this decision could have far reaching implications not only in Quebec but throughout Canada.

Under the circumstances, could the government leader indicate whether the Prime Minister intends to call as soon as possible a conference of first ministers to examine the implications of that decision by the Supreme Court?

It should not be forgotten that the Supreme Court's decision means that francophones in Manitoba have been deprived of their statutory rights for more than 90 years.

There is also Bill 101. Quebecers are proud of the results of that bill, but they are less than proud of what it took away from the English-speaking minority. At this historic juncture, should the Prime Minister not call the provincial premiers together and ensure that those fights for the rights of Canada's two principal languages, for more linguistic justice throughout Canada, be pursued rather than curtailed?

**Senator Flynn:** Honourable senators, I agree with Senator Marchand that those two decisions rendered this morning by

the Supreme Court of Canada, on Quebec's Bill 101 and on the *Forest* case in Manitoba, are of the utmost significance.

As far as the emergency meeting suggested by Senator Marchand is concerned, I am not sure this is the best course of action at this point. My department and are studying the implications of those two judgments of course. Those two judgments, concerning mainly two provinces, Quebec and Manitoba—I believe the immediate problem affects those two provincial governments—can have general implications, providing those two provinces act accordingly. I cannot see how the emergency meeting suggested by Senator Marchand could be beneficial. Only if these judgments were not complied with would the federal government step in, with possible implications that cannot yet be determined. Then the Canadian government could arrange the suggested meeting or take any other action deemed fit, but I do not believe that any hasty action is warranted at this point. We must first see what the provinces will do before we can decide on a course of action, if one should be needed.

• (1440)

**Senator Marchand:** A supplementary question, honourable senators. I think that the Leader of the Government gets off a little too easily when he says that it is the business of Quebec and Manitoba. It concerns the Canadian Constitution, and one of the essential section, of the Canadian Constitution is section 133. So the federal government should not say of the referendum, "Well, we will let them act and see the results". I find that it is a very cool attitude, which may be a quality of this government. I would say that it is not keeping abreast with the Canadian people.

You must, no doubt, know Montreal as I do. There is the response of the anglophone groups, just as there is the response of francophones in Manitoba. Since it is the basic Canadian legislation, I do not understand how the Leader of the Government can adopt such a disinterested attitude and say, "Well, we will see what they do and then we will decide."

**Senator Flynn:** I do not see why Senator Marchand is getting excited. He refers to the attitude of the government. I would not, under those circumstances, tell him about labour's attitude. I am saying that the decisions of the Supreme Court have confirmed section 133 of the British North America Act. If the two governments involved comply with the decision, there is no problem.

It is only in the event that the provinces involved do not comply with the provisions of the judgment that the problem would arise. On the contrary, I think that Senator Marchand should say that they are good judgments. They acknowledge the validity of section 133. I hope everybody will admit it and not become excited but realize that it is a valid and very effective decision in our national interest.

**Senator Marchand:** A last supplementary question. I am probably too nervous, but I am afraid that the Leader of the Government does not realize that I am not the only one who is nervous following the decision of the Supreme Court.

[Senator Perrault.]



**Senator Flynn:** I said that we should not expect negative but positive reactions in that case. I trust we shall have positive reactions. I do not understand why we should apprehend negative reactions before they exist.

**Senator Molgat:** A supplementary to the question the Honourable Senator Marchand has just asked, Mr. Speaker. It goes without saying that all Manitoba francophones, including my colleague Senator Guay and myself, are very delighted with the judgment announced this morning. However, Senator Flynn's answer does not indicate to us really whether the federal government will be acting in this affair and whether it will correct the injustice which has been going on for 90 years in Manitoba. Let us wait and see what happens later. At present, would he be prepared to propose that the federal government agree to take over at least part of the cost incurred in Manitoba following that judgment, considering that the Government of Manitoba will now have to do a lot of translation if it complies with the judgment? They will have to issue the statutes of Manitoba in both languages and re-establish a bilingualism policy which was there originally but which was abandoned. Is the federal government prepared, at this time, to announce clearly that it is going to take over a large proportion of those costs?

**Senator Flynn:** It is a decision which will be made in time. I simply want to tell my honourable friend that the federal Government has indicated to the Government of Manitoba that we would consider the situation should problems arise following the judgment.

As I said, this is a judgment concerning first the government of Manitoba. If it asks for any kind of assistance from the federal government or even from the federal Parliament, I can assure my honourable friend that we shall consider that request favourably.

I repeat that the Manitoba government will have to assess this judgment. It will have to look into the implications of this judgment and make up its mind about which way it chooses to go and what sort of assistance it may need from the federal government.

**Senator Molgat:** I have a supplementary question. Assuming that the Manitoba government decides to do nothing, there would be time limits. What are the time limits the minister would accept? When would he start exerting pressure to make sure that the decision is enforced?

**Senator Flynn:** I wonder if the honourable Senator Molgat has read the judgment that the Supreme Court has just rendered in the *Forest* case. The decision does not state that all statutes which have been adopted, I think, since 1890 only in the English language are *ultra vires*, null and void. The judgment does not say that. It merely confirms the judgment of the Appeal Court. There are possible implications. What are they? The issue may be raised once again whether the fact that these statutes had been adopted only in English makes them all *ultra vires*. This issue has not been settled by the Supreme Court.

What I suggest, therefore, is that the honourable senator take a while to ponder the decision, as the Manitoba government certainly will, before choosing the most practical solution. I repeat that there is no reason to be concerned about this, because there are no problems just yet. Sometimes problems are eliminated in the easiest way. It is not by making mountains of them that we will serve our countrymen's best interests.

**Senator Molgat:** A supplementary question. I like the calm way in which my honourable colleague presents the question. Had he been a French-speaking Manitoban during that time, perhaps he would not be as calm.

So, since we have been waiting for ninety years, I am asking the Honourable Minister of Justice and Attorney General what time limit he is now prepared to give? Is he prepared to wait ninety more years or will he say expressly to the Manitoba minister, to the Manitoba government: Well, you have three or six months. Otherwise, things could drag on and on all over again.

**Senator Flynn:** Once again, honourable senators, the time limit does not rest with the federal government. It rests with the Government of Manitoba. It is up to them to act. If I were a French-speaking Manitoban, having won my case in the Supreme Court of Canada, I would not start shouting from the housetops that I have been persecuted for a hundred years, but would simply say, "Well, I won my case." I would simply urge my government, the government of Manitoba, to comply with the decision as soon as possible, and in the best way possible. That is what I would do if I were a calm, cool and collected Manitoban.

**Senator Guay:** A supplementary question. I should like to say, honourable senators, that I am also very pleased to support what Senators Marchand and Molgat have just said. On the other hand, I am a little disappointed by the few words that the honourable Minister of Justice has just spoken.

On one point only, although I am not a lawyer, I do not agree with him that only the legislation passed in English is *ultra vires*. I do not follow him on that point.

Moreover, I did not appreciate his saying that we got excited over the Supreme Court judgment. I think the people of Manitoba, the old families, made sacrifices over almost a hundred years to have denominational schools. In other words, they paid taxes to the public schools while supporting their own schools. I think they have a reason to get excited, and happily so, in view of the judgment handed down today.

I think the Senate government leader must take into consideration the requests made to him today, in an urgent manner, in order to see what can be done to solve this problem in Manitoba.

It must be said that it was not only Mr. Forest who did tremendous work in this area. The major effort was made by our fathers and forefathers who insisted that we Manitobans speak French and maintain our language, even if we had no rights to do so.

That is why, honourable senators, we are not getting excited at all. We are proud. We are happy. It is now up to you to act and not to say that we have time. The statutes may be *ultra vires*, but I think it is important that the judgment be implemented as soon as possible.

I hope you will take into consideration the representations made to you today, keeping in mind that we take them to heart, and that you will understand the reasons that made us live through the past 100 years in Manitoba.

Also, I hope you will announce a meeting with the provincial premiers to see to it that this judgment is implemented as soon as possible.

**Senator Flynn:** I take due note of the short speech Senator Guay has just made. I have said that I rejoice, with him and with the francophones of Manitoba, in the ruling that was brought down. I say I am studying it. He may not have to persevere to say right off that a conference of the first ministers should be held right away. That is his business. Of course, when one does not realize what a judgment stands for from a legal point of view, one can suggest anything. I have responsibilities. I have no intention of making demagoguery out of this situation.

Once again, I agree that the ruling is based on law, that it reflects an element of justice towards the francophones of Manitoba. I fully agree on that. However, as I have explained—though it might take me one hour to explain it to my friend Senator Guay—the ruling concerns the Legislative Assembly and the Government of Manitoba. If they conform to it, as I am sure they will want to, then there will be no need for me to intervene. You can simply celebrate together over there. We will even join you on the occasion. But do not ask me to stir up trouble before there is any. That would be somewhat ridiculous. I fully agree: you have won; we, francophones have all won. So what? So let us solve the problem and not continue waging the war.

● (1450)

[English]

## THE HONOURABLE ALLISTER GROSART

### BIRTHDAY FELICITATIONS

**Senator Macquarrie:** Honourable senators, I have noted since coming to this honourable house that questioners are given great latitude and sometimes, during the course of Question Period, they make small speeches. Before you haul me down, let me say I am all in favour of that. This chamber operates on a consensus which often is literally interpreted as common sense, and I am all in favour of that.

Since I come from Prince Edward Island, which, in addition to being the last stronghold of prohibition was also, as my dear friend Senator Inman will agree, the last stronghold of smugglers, I am going to ask the indulgence of my colleagues to smuggle in something before putting my question. Once honourable senators learn what it is I am smuggling in, I am sure no procedural charges will be pressed.

[Senator Guay.]

Today is the birthday of His Honour the Speaker, a distinguished son of Ireland, a distinguished Canadian, a great internationalist, and a distinguished parliamentarian.

**Hon. Senators:** Hear, hear!

**Senator Macquarrie:** Even though I cannot speak Gaelic, I should like to extend to him the best of wishes.

## AGRICULTURE

### POTATO CROP IN EASTERN CANADA

**Senator Macquarrie:** Honourable senators, my question this afternoon is for the oft-questioned Minister of Industry, Trade and Commerce, and it is in connection with issues that were raised some days ago in respect of the potato situation, which is very serious in Prince Edward Island and the other eastern provinces—provinces which grow potatoes almost as good as ours.

My question for the minister is whether, as a result of the discussions which have taken place between the provincial ministers of agriculture and the federal Minister of Agriculture, he can now point to any suggestion for the amelioration of the serious situation in which the producers of this very important commodity find themselves.

**Senator de Cotret:** Honourable senators, I shall have to take the question as notice. I have not had an opportunity to talk to the Minister of Agriculture since the close of those discussions. I shall endeavour to do so in the next day or so, and report back to the chamber.

## NORTHERN PIPELINE

### PREBUILD SECTION—IMPACT OF NATIONAL ENERGY BOARD DECISION

**Senator van Roggen:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce related to the Alaska Highway Project. Is the minister in a position to make a statement to this chamber and, through us, to the people of Canada, as to what are appearing to be the very unfortunate ramifications arising from the recent ruling of the National Energy Board on gas exports to the United States? It appears now as though those exports may be placing the prebuild portion of the Alaska Highway Pipeline Project in jeopardy rather than performing the function they were always understood to perform, that being to assist the prebuilding.

This, of course, brings into question our credibility with our American friends, and has consequences of grave significance to the independent Canadian gas producers who would be supplying their gas if prebuilding proceeds—gas which is now locked in.

I should like to know what information the minister has received from the companies in this connection and, if there is a problem, what legal corrective mechanisms are available to the government to right the situation of having approved—I hope inadvertently, but certainly, it would appear, stupidly—a National Energy Board decision which is couched in terms and



conditions that may well prevent the accomplishment of what it was intended to accomplish.

**Senator de Cotret:** Honourable senators, I should like to read a short statement on this matter which I made public today.

The Government of Canada remains fully committed to the implementation of the Canada-U.S. Agreement for the Transportation of North Slope gas from Alaska to the Lower 48 states. Along with the significant industrial benefits to Canada, this project facilitates the access to Canadian gas reserves in the Mackenzie Delta and the Beaufort Sea.

Furthermore, the government is of the view that the pre-building of the southern sections of the system for the export of the Alberta gas to the U.S. markets in advance of the arrival of Alaskan gas is an important component of that project, both for its early completion and for the substantial benefits it would bring to Canada. I share the views expressed by the former government when the two governments, on March 3, 1979, agreed to, and I quote, "seek ways whereby any additional gas exports, should they be authorized, could facilitate timely construction of the entire Northern Gas Pipeline."

These factors were important considerations taken into account by the government when it approved the National Energy Board Gas Export Report last Thursday. It is the government's view that the board's report goes a substantial way to encouraging the start of this much delayed project. I am concerned, therefore, by the report that the project's sponsors in Canada are disappointed with it. I note, however, that the President of Foothills has indicated he wishes to discuss this matter with appropriate government officials.

I have met with the President of Foothills, as well as the Chairman and Chief Executive Officer of Northwest Alaskan Pipeline Company, Mr. John G. McMillian. I have listened to their concerns, and I can tell honourable senators that those concerns are under very active consideration.

**Senator van Roggen:** You did not touch on the last part of my question, and that is that if there is indeed a problem found by the government in the wording of the National Energy Board's decision, do mechanisms exist for the amendment of that decision without having to re-open the matter to public hearings, with all of the delays that that would entail, and keeping in mind that such delays would then put the timing mechanisms in that decision out of whack entirely insofar as supplies by independent Canadian producers are concerned?

**Senator de Cotret:** I think there are a number of ways of remedying the situation. Certainly, the National Energy Board is looking at the situation. It is my understanding that, in the event of the wording being misinterpreted, they could change it without holding public hearings. That is something I would have to verify.

**Senator van Roggen:** It would be difficult to change the reference from three years to eight years, and pretend it is a misprint. In any event, I thank the minister for his answer.

## BRITISH NORTH AMERICA ACT

### LANGUAGE RIGHTS—JUDGMENT OF THE SUPREME COURT OF CANADA

**Senator Robichaud:** Honourable senators, I have a supplementary question on the subject of the Supreme Court of Canada judgment.

[Translation]

Please allow me, honourable senators, to continue my remarks in French.

I should like to ask the Minister of Justice whether, after all the changes made in our courts since confederation—I ask him this for the record because I imagine I know the answer—he considers the ruling brought down this morning by the Supreme Court of Canada to be perfect and final on the matter of language rights in this country?

**Senator Guay:** It certainly is.

**Senator Flynn:** The decision, as such, is final. It may be, however, that it has not solved all the problems one could think of, and that other procedures, other legal procedures, could intervene, asking the Supreme Court either to rule on certain aspects on which it has not ruled, or to decide other matters which are not directly or necessarily related. But, since its judgment cannot be appealed—I think my learned friend knows that appeals to the Privy Council have now been abolished a long time—it is final.

[English]

## THE ECONOMY

### POSSIBLE IMPOSITION OF FOREIGN EXCHANGE CONTROLS

**Senator Austin:** Honourable senators, I have a question for the Minister of Industry, Trade and Commerce. I would like to ask whether it is under his direction that the government is studying the question of imposing currency controls and whether, indeed, the government feels that this is a matter that, raised at this time in a public way, will be of benefit to the Canadian economy and to the value of Canadian currency?

● (1500)

**Senator de Cotret:** To the best of my knowledge there is no such study. May I ask if your question is as to whether or not we are looking at the possibility of imposing foreign exchange controls?

**Senator Austin:** That is the question I am asking.

**Senator de Cotret:** To the best of my knowledge, no, and, as minister, I can assure you that there is no such study going on under my direction in any of my various portfolios, and I am not aware of any such study on the part of the government.

**Senator Austin:** Does the minister's statement indicate that he thinks that such a study would not be useful to Canadian government interests at this particular time?

**Senator de Cotret:** Well, I can answer this personally—and perhaps I shouldn't. I can tell you I do not need a study to

know my own position on the question of foreign exchange controls.

**Senator Austin:** I am asking the question because in the *National Issue Survey*, issued by the Progressive Conservative Party of Canada under the name of Terry Yates, one question is:

Do you agree or disagree that a good way to ensure stability of our dollar is to impose controls on the outflow of currency from Canada?

And I am wondering what was the usefulness of such a question, or whether it indicated emerging government policy.

**Senator de Cotret:** I would not take that at all as indicating emerging government policy. It might be an indication of our concern to hear the views of Canadians on a great variety of topics, but certainly it is not emerging government policy.

**Senator Austin:** You indicate then that is a valid question to ask the Canadian people at this time, and I thought I heard you say that you did not think so—at least in personal terms.

**Senator de Cotret:** No, I said, honourable senators, that in personal terms I do not need a study; I know the answer.

### DELAYED ANSWERS

**The Hon. the Speaker:** Are there delayed answers?

**Senator Flynn:** Yes, and in this regard I would ask that I be allowed to use the same method I used yesterday. There is a response to Senator Haidasz regarding Iranian students, and we list here the conditions applicable under the immigration order, and the way the rules are applicable to admission. Perhaps I could have this printed as part of my answer at this point, if that is agreeable to honourable senators.

**The Hon. the Speaker:** Honourable senators, is it agreed that the statement by the Leader of the Government be taken as read into his speech?

**Hon. Senators:** Agreed.

*Senator Flynn's delayed answers follow:*

### FOREIGN AFFAIRS

#### IRAN—ADMISSION OF NATIONALS TO CANADA AS STUDENTS

**Senator Flynn:** As I have already indicated to Senator Haidasz, the government applies to Iranian students the same standards that it applies to applicants for student visas from anywhere else in the world. I think it's fair to say that allegations of inadequacy in these procedures are ambiguous and unfounded.

I would like to describe for Senator Haidasz the various procedures which must be complied with:

(1) All applicants for student visas are subjected to a security check. Once again, no special investigation is instituted simply because they are Iranian nationals.

(2) Student applicants must be of good health and character.

[Senator de Cotret.]

(3) Applicants must be able to provide evidence of acceptance by a Canadian university or vocational training institution. The reality is, of course, that most institutions have accepted almost their total enrollment for this school year.

(4) Applicants must furnish proof that adequate funds can be transferred for their stay in Canada and for their return transportation.

(5) Students applying must be proficient in one or both of Canada's official languages.

(6) Applicants must furnish proof of readmissability to their home country following completion of their education.

I am sure that Senator Haidasz would agree these principles are both fair and comprehensive.

### HUMAN RIGHTS

#### ALLEGED RELIGIOUS DISCRIMINATION IN CANADIAN ARMED FORCES

**Senator Flynn:** Honourable senators, on November 7, 1979, Senator Haidasz mentioned an alleged practice of the Department of National Defence to exclude Canadians adhering to the Moslem and Jewish faiths from serving in our Middle East contingents, and asked whether this alleged practice was in contravention of the Canadian Human Rights Act.

Since then, I have been informed by my colleague, the Minister of National Defence, that it has, indeed, not been the practice for members of the Canadian forces adhering to the Moslem or Jewish faiths to be included in units or formations serving in United Nations peacekeeping duties in the Middle East. This decision has been based on two factors. The first has been the consideration that the membership of the Canadian forces participating in peacekeeping operations should be such that no basis should be provided to the ill-intentioned for alleging partiality or lack of objectivity of any kind. The second has been the concern for the well-being and safety of the members which should never unnecessarily be endangered.

It has never been the policy of the Canadian forces or of the Government of Canada to place any member of the Canadian forces at a disadvantage within the service because of membership of a particular religious, ethnic or racial group. Honourable senators will, however, appreciate that the special circumstances of this United Nations assignment require that this special consideration be extended to those members.

Furthermore, the Canadian Human Rights Act provides that a preference or exclusion in relation to any employment does not constitute a discriminatory practice when it is based on a bona fide occupational requirement. I understand that the Department of National Defence takes the view that this practice fits into this provision of the Canadian Human Rights Act.

### NORTH ATLANTIC TREATY ORGANIZATION

#### DEPLOYMENT OF NUCLEAR MISSILE SYSTEM IN EUROPE

**Senator Haidasz:** Honourable senators, I would like to direct a question to the government leader on a very important



matter. What was the stand of the Canadian government at the NATO ministerial meeting yesterday toward the United States proposal to deploy a new nuclear missile system on the European continent because of the increasing military build-up of the U.S.S.R. in central Europe?

**Senator Flynn:** I have no other information than what I have read in the press. To give a very specific answer to that, I would have to take the question as notice, but I understand it meets with the approval of the Canadian government.

## DIPLOMATIC AND CONSULAR PRIVILEGES AND IMMUNITIES ACT

### BILL TO AMEND—SECOND READING

The Senate resumed from Tuesday, December 11, the debate on the motion of Senator Macquarrie for the second reading of Bill S-11, to amend the Diplomatic and Consular Privileges and Immunities Act.

**Senator Thompson:** Honourable senators, when Senator Macquarrie introduced this bill, I congratulated him on the lucid and comprehensive coverage he had given the need for it, and I want to congratulate him now on having put it in a broad framework, particularly so when we think of the outrage of an embassy in another country, and the abuse that has been inflicted upon representatives of one country attempting to have a diplomatic relationship with a host country. Of course, I am referring to the terrible situation, the deplorable situation, of the American embassy in Iran. Senator Macquarrie pointed out that civilized countries for hundreds of years have worked out a practice of a civilized approach towards the representatives of one country in another. That has worked through and evolved into a body of international law based on custom, and by the operation of common law has been incorporated into the common law of Canada—this is part of the bill, in fact—and it has been applied by Canadian courts on that basis for many years.

As Senator Macquarrie pointed out, the Charter of the United Nations assigns to the General Assembly the task of—and here I quote from the Charter—“encouraging the progressive development of international law and its codification,” and he referred to the Vienna convention as the *habeas corpus* of international law governing relations between nations, and indeed it is.

As we know, in 1961 the General Assembly called a major international conference with respect to diplomatic immunities and privileges that resulted in the 1961 Vienna convention on diplomatic relations. Again, in 1963 a similar gathering adopted the Vienna convention on consular relations. Senator Macquarrie pointed out that 129 states are now part of this convention and are signatories to it. This particularly interested me, because in 1977, when I introduced the measure to which he has now proposed this amendment, there were 117 signatories. This shows—and we are very grateful for the fact—that more countries are becoming signatories.

Honourable senators, we are all concerned with, although sometimes we are flippant about, the role of our pinstripe representatives abroad, but, from my own experience, I know that the members of the Department of External Affairs represent us very ably in other countries. I have not done quite as much travelling as my colleague Senator Macquarrie has, but certainly in my experience we have first rate people representing us.

**Hon. Senators:** Hear, hear.

**Senator Thompson:** I might add that they are courageous Canadians, and it is for us at home to provide all the protection we can through this chamber and through the House of Commons for our representatives abroad. This bill, in its essence, is designed to achieve that, because there is a tit-for-tat arrangement between signatories. In other words, if we cause embarrassment to some embassy here they may then in turn retaliate on us through our representatives in their country. That is why we are signatory to the convention and that is why we brought it into law, which law is now being amended.

● (1510)

Honourable senators, I listened carefully to Senator Macquarrie, particularly to his explanation that this amendment is necessary to deal an occurrence similar to that experienced by Australia, where a minority group cause severe embarrassment to an embassy. This was a minority of a fine group of people who had gone there from Croatia, as indeed they have come to Canada from Croatia. It was the case of a minority feeling that they might achieve certain purposes in their homeland by taking actions of an extremely embarrassing nature in the land to which they had gone, and to which so many of the majority had made fine contributions. Apparently, the minority felt that by causing embarrassment to the embassy of one particular country, Yugoslavia, whose embassy had been given recognition there, they could somehow motivate the Australian people to look favourably upon their, the minority's cause.

Indeed, I am sure their action would have had the reverse effect. I am certain the Australian people feel as we do, honourable senators, that it is wrong for any group of people, large or small, to go outside the law, and to use their disregard of the law as a means of achieving their ends. Such a group would receive little sympathy, regardless of what cause they espoused. Quite the contrary; they would be rejected even by the very people who were in favour of their cause.

Honourable senators, I took the trouble to read the debate in the *Hansard* of the Australian House of Commons. There was an interesting and lively discussion presided over by the Speaker. I noticed particularly that the sponsor of the bill in Australia was quite sensitive about it. He said that he had mixed feelings about their legislation, because he was aware that a suggestion that the right of a minority group to dissent would be limited is not in accord with the privilege of dissent enjoyed by the citizens of all Commonwealth countries. That freedom of dissent is at the root of the greatness of the countries of the Commonwealth. He felt that their bill might in some way limit that dissent, thus impairing to some degree their strength as a nation. Therefore, he had some rather

nervous reservations with respect to how broad an interpretation could be made of their bill, when actually it was supposed to focus on only one area.

The draftsmen of Bill S-11, which is amending legislation, seem to me to have diligently tried to focus on a particular problem, namely, the embarrassment of a legitimate embassy, one given recognition by Canada through its country of origin—I mean the embarrassment of such a legitimate embassy by a spurious embassy set up by a small group purporting to be legitimate. The draftsmen have pointed right at that problem.

I should like to point out one particular distinction between the Australian legislation and our bill. The Australian law focuses on the person as well as the physical property that would be bought by the spurious embassy. The Canadian bill focuses on the physical property of the so-called embassy. When I asked for some clarification on that point, I was told that we already have existing in the law of this country, in section 361 of the Criminal Code, a provision which precludes anyone from impersonating a legitimately appointed person from another country. Presumably, that would cover someone coming here and saying he is the ambassador from some country, or pretending to be attached to that country's embassy, when, in fact, he did not really represent the country at all and when, in fact, Canada had not approved the establishment of an embassy. Such a person could be charged under the Criminal Code.

I question whether it is really necessary to go through the process of using the Geneva conventions and amending a federal statute, which is what we are doing here, when we already have in existence in the Criminal Code a provision that makes personation with intent a crime. I leave that point as a question for the honourable sponsor of the bill to consider. It is one point I should like to have clarified, because there is little reason in having unnecessary legislation.

If the argument is raised that, well, there is still the actual, physical property and it is necessary to deal with it, despite the fact that anyone entering the premises to work, posing as a consul or ambassador, could be charged with personation with intent, my answer is that if a spurious embassy buys a house here and leaves it as an obviously vacant building, even if it has some kind of sign banging in the wind, it would look so ridiculous that people would laugh at it. In such a case, would we really need this particular amendment? In short, if by resorting to the Criminal Code we can get at the people who want to use the property in their personation with intent, what is the need for getting at the property itself?

Honourable senators, there is another important question which concerns the kind of offence we are dealing with. Should it be a criminal offence or merely a civil offence? The sensitivity of the Australian sponsor was such that he purposely went out of his way to make it a civil offence rather than a criminal offence. He did so because he did not want to see curbed the legitimate desire of people to express their dissent—whether it be towards the Government of Australia or the government of some other country. On the other hand, he did not want the embarrassment of legitimate embassies as a tool or ploy to be

allowed to continue. He therefore opted for a civil offence punishable by a fine of \$200.

For some reason, we in this country have decided that it must be a criminal offence punishable upon summary conviction, which is obviously more severe than a civil offence. I question the need to go that far and I would like to have an answer to that, either in committee or from the sponsor.

Another of my concerns stems from the fact that the city I come from draws some of its great strength and vitality from the multitude of ethnic halls and associations that exist there. We have a particular function called “caravan.”

Incidentally, I should like Senator Smith (Colchester) to make a tour of these halls with me. I am sure he would add to the vigour and excitement of the occasion, and would be delighted with the hospitality extended to him.

You might wonder what actually takes place on this “caravan.” The “caravan” organizes the various ethnic halls—the Estonian, Latvian, Lithuanian, Czechoslovakian, Ukrainian—

**Senator Bosa:** And Italian?

**Senator Thompson:** Yes, the Italian hall and, I know, too, the Irish hall. After all, I don't want to leave my own background out of the picture.

**An Hon. Senator:** What about the Scottish hall?

**Senator Thompson:** Yes, the Scottish hall, if there is one. If there isn't, there should be.

At any rate, to get into any of these halls you have to pay for a passport, after which you can visit, free, any one of them.

The point of these last remarks of mine, honourable senators, is that I wonder if, under this amending legislation, the department, if it wanted to, could close down this activity on the basis that these various halls are spurious in nature, or are misrepresentations of other countries. That is my concern, and because of it I phoned the department and was informed that they would, of course, act with discretion. Well, I am concerned about that, too, because section 4 of the act which this bill amends states that “The Governor in Council may make such regulations and orders as are necessary.” If Senator Forsey were with us, I could see him rising with respect to that to state, as was his wont, that the ultimate control must be with Parliament and not with a department.

● (1520)

I am sure the Department of External Affairs—I said some nice things about the department in my introductory remarks—appreciates that. It is our role to scrutinize everything they do, even with some suspicion, even though I am sure the department is serving our country as best it can.

I say that because there is another question that comes to mind. The explanatory note to clause 2 says:

The proposed new sections 5 to 9 would make it an offence to establish or continue the operation of purported embassies or consulates in Canada by persons not representing a sovereign state or a government recognized by Canada.



As honourable senators know, there are two approaches to recognition by Canada or any other country. There is the *de jure* recognition and the *de facto* recognition.

Here we have a situation—and I personally feel very strongly about it—where Canada has made a statement regarding the annexation of the Baltic states by the Soviet Union, by the communists, and the method by which those states were annexed. We recall the freight cars that rumbled out in the night. I think particularly of June 14, 1941, when from my wife's Baltic country approximately 40,000 people were herded into cattle cars and sent to Siberia. Fortunately, the communists missed my father-in-law and his family by just two minutes, and they were lucky enough to get out of the country. His crime, as I have said before in the Senate, was that he was a member of Parliament and a lawyer.

Canada, to its credit, said, as did the United States, "We will accept *de facto* recognition, but we do not accept the *de jure* recognition of the annexation of the Baltic States by the U.S.S.R."

I telephoned the department in order to clarify the situation regarding recognition. I inquired whether the words "Canada by persons not representing a sovereign state or government recognized by Canada" included *de jure* as well as *de facto* recognition. To explain what I was talking about, I said that I was thinking of the honorary consuls of Estonia, Latvia and Lithuania in Canada.

The information I received was that there was only one honorary consul from the Baltic states accredited by Canada—the Lithuanian honorary consul. The other two are no longer accredited or put in the book, as it is referred to, which lists diplomatic, consular and other foreign representatives. I should mention that the listing of all the Baltic consuls in that book was started by the Right Honourable John Diefenbaker.

The Latvian and Estonian consuls are no longer listed in the book, yet they carry out consular services for Free Estonia and Free Latvia. It is important that we should not forget how the communists have treated free and independent small nations. If the communist system had ever changed we might say, over a period of time, that those harsh conditions will improve and the problems will be resolved. But the situation has not changed. In those small countries there is still no religious freedom, and so on.

This amendment could insidiously destroy the stand which Canada, the United States and Australia have taken. Those two Baltic consuls in Canada have now been denied official consular recognition by Canada. In Australia the government that took away that status was thrown out and another government came to power, and the new government again brought in the *de jure* recognition for those three Baltic states. I wish to emphasize that.

What happens to those two Baltic consuls in Canada who obviously are not fully recognized? I would be happy if Senator Macquarrie would confer with his colleagues in the Department of External Affairs and report to us, in the event of any misunderstanding, that there is recognition by Canada

of the Estonian and Latvian consuls, and they are now included in the book along with the Lithuanian honorary consul. If they are not, and we pass this amendment, could there be a situation where the Estonian and Latvian consuls could be charged with a summary conviction offence? I am not satisfied about that, and it is a point that has to be clarified.

Honourable senators, I have one further point concerning this matter. I know that the present government takes pride in the fact that it always consults with the provinces before bringing in legislation. We may argue that this amendment comes under "peace, order and good government" and that there is no need to discuss it with the provinces. However, I am impressed with the emphasis of the government on the fact that "we are going to have consultation with the provinces."

When I introduced the legislation in 1977, Senator Smith (Colchester), in committee, said, "You have waited eleven years before bringing in this bill. What is your reason for bringing it in now? Why the haste? You have gone approximately eleven years without it." When I inquired as to the reason for the delay, I was told that there had to be consultation with the provinces, and also that the department had waited to combine the diplomatic and consular conventions in one bill. That was given as the reason, but, frankly, I feel that eleven years for consultation is somewhat too long. However, that was the answer given.

I appreciate that honourable senators on the other side of the chamber are moving quicker, but I remain disturbed, and I would hate to see my friend Senator Macquarrie embarrassed if he has to tell us, "We did not discuss this with the provinces." I look forward to his reply, and the answers we shall receive when the bill is before the committee.

**Senator Macquarrie:** Honourable senators—

**The Hon. the Speaker:** Honourable senators, it is my duty to inform the Senate that if the Honourable Senator Macquarrie speaks now, his speech will have the effect of closing the debate.

**Senator Macquarrie:** Honourable senators, I am becoming Alpha and Omega all too quickly. I am most grateful to my colleague opposite for his remarks and his contribution to this debate. I suppose it is an attestation of the vitality of our political system that a Prince Edward Island Tory and an Ontario Grit should be, on so many of these aspects, *ad idem* insofar as we view these important matters.

I shall not presume to attempt to answer the specific and very important questions which Senator Thompson has directed to me. I recall the Honourable C. M. Drury, in replying to questions when legislation was put forward in the other place to set up a commission, asking, "What's the use of hiring a dog and doing your own barking?" We shall have experts appear before the Standing Senate Committee on Foreign Affairs.

I should say to Senator Thompson that I have a fellow feeling about the Baltic states in that I feel profound disquiet about what has happened. On the other hand, I happen to be the Canadian who delivered the anti-colonialism speech at the United Nations General Assembly some years ago. What, in

all candour, do we do? Do we move into a delegation of Canadians from the Baltic States and say, "Yes, we will declare war on the Soviet Union"? We cannot, in fact, do that, although we know that the things which were imposed upon those people were grievous and terrible, and that not all the perfumes of Araby can blot them out in our recollection.

● (1530)

I would say to the honourable senator in reference to provincial consultations and I have, I think, been known as a Dominion rights man for a long time—that this government, if it has faults—and I am not going to catalogue them, let alone admit them—is not given to failing to consult the provincial authorities. I think he may rest content that these consultations have taken place.

With regard to one of the specific things he mentioned, a problem arises, as I see it, when a group from one country goes to another and purports to speak for that country as representative of a part, or even the whole of its population. Naturally we ourselves welcome Atlantic House in London, and Quebec House in Paris, and Ontario House, and so on. This has been going on for many years. However, as the Honourable Paul Martin used to say in the other place, these things are all negotiated and arranged under one umbrella. In other words, external affairs are the responsibility of the dominion government. I use that rather quaint expression "dominion government," which certain people do not like, but to which Dr. Eugene Forsey, if he were here, would say, "Hear, hear." I think that is of the essence here.

I congratulate Senator Thompson, who has a better Scottish accent than I have, and I envy him in that regard—

**Senator Thompson:** I think you should be saying "Irish."

**Senator Macquarrie:** I say it is Scottish, but I am trying to flatter you. A Thompson who is an Irishman perplexes me, but I still have a great regard for the honourable senator.

Honourable senators, there would be no point in our inviting the distinguished experts from the Department of External Affairs to appear before the committee if I answer the questions before they arrive. To do so would be, to use Senator Roblin's phrase, an act of supererogation. I commend this bill to your favourable consideration.

Motion agreed to and bill read second time.

#### REFERRED TO COMMITTEE

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?

**Senator Macquarrie** moved that the bill be referred to the Standing Senate Committee on Foreign Affairs.

Motion agreed to.

### APPROPRIATION BILL NO. 2, 1979-80

#### SECOND READING

The Senate resumed from Tuesday, December 11, the debate on the motion of Senator Doody for the second reading

of Bill C-29, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1980.

**Senator Langlois:** Honourable senators, we are grateful to the sponsor of this bill in this chamber, our new colleague Senator Doody, for his lucid explanation of its main features. This appropriation act provides for the expenditures proposed by supplementary estimates (B) laid before Parliament for the fiscal year ending March 31, 1980. These estimates were duly examined by the Standing Senate Committee on National Finance with officials of the program branch of the Treasury Board, and Mr. John C. Smirle, manager, applications and standards, from the Department of Communications. The committee's report was tabled in this chamber on November 29 last.

Supplementary estimates (B), totalling \$1,031 million, are composed of budget expenditures of which \$600 million are statutory items and \$392 million represent funds for which Parliament is being asked to provide new authority. The non-budgetary expenses, that is to say, loans, investments and advances, total \$39 million to be voted. The total of these two last items of \$392 million and \$39 million respectively is \$431 million, representing the amount to be voted by Parliament in this bill. The total estimates for the fiscal year ending March 31, 1980, are now increased to \$54,946 million, which amount exceeds by \$680 million the total anticipated estimates in the federal expenditure plan for the year.

Here I digress for a moment for the purpose of drawing the attention of honourable senators to a misprint in the third paragraph of the report of the National Finance Committee, where I find the following sentence:

The total Estimates for the fiscal year ending March 31, 1980 are not increased to \$54,946 million.

Obviously the word "not" should be "now."

The major items of these supplementary estimates (B) which are to be voted by Parliament are as follows:

- (1) \$120 million for additional home insulation;
- (2) \$63 million for the Department of National Defence to cover increased contributions to NATO;
- (3) \$20 million for additional assistance to the shipbuilding industry;
- (4) \$30 million to increase the limit in the petroleum compensation revolving fund; and
- (5) \$21 million to the Cape Breton Development Corporation for capital expenditures and rehabilitation and development of its coal and railway operations.

On the other hand, the major items of the \$600 million representing statutory items are: \$297 million for additional payments to provinces; \$100 million for additional costs of servicing the public debt; \$53 million for income security programs such as old age security; and \$60 million for additional election expenses due to the general election held last spring.

[Senator Macquarrie.]



Finally, as stated by the sponsor of the bill, there are some \$1 votes listed in the schedule to the bill and described in the explanatory sections of the supplementary blue book, which was distributed to honourable senators some time ago.

● (1540)

Recalling as I do the fierce opposition voiced in this chamber in the past, I deem it necessary at this stage to draw the attention of this chamber to the section of the report of the Standing Senate Committee on National Finance under the heading of "Program Authorization by Appropriation Act." As previously stated in the course of this debate, the report was tabled in this chamber on November 29.

Far be it from me to criticize our new colleague, the sponsor of this bill, for apparently not being too impressed by the comments contained in this section of the committee's report. I merely wish to remind those honourable senators who were sitting on this side of the chamber in the last Parliament of their severe criticism of the use of \$1 items in appropriation acts for purposes of either program authorization by appropriation act or amending legislation. I fear that the frigid climate surrounding those now occupying the treasury benches might have dampened their past fierce opposition to the so-called \$1 items in appropriation acts.

For the sake of brevity I shall not deal at great length with the several examples described in the report of the National Finance Committee on the supplementary estimates (B) for 1979-80.

However, one of these examples is the Salmonid Enhancement Program of the Department of Fisheries and Oceans which was funded at a level in excess of \$20 million per annum for a period of three to four years. This program was authorized by an appropriation act. Treasury Board officials maintained that that type of program fell within the general mandate of the department and, therefore, no authorizing legislation was required, even though the cost was "fairly substantial."

The committee totally disagreed with the position articulated by the Treasury Board officials for reasons which will become apparent after discussion of the two other examples. The main concern of the committee with the Salmonid Enhancement Program was further heightened when a review of the department's statement of objectives, as contained in the main estimates for 1979-80 and the act creating the department, indicated that "community development," an objective of the Salmonid Enhancement Program, did not even appear to be specifically within the department's mandate.

VIA Rail is another example of a program where originating legislation was based upon an appropriation act—that is, a creation act. I am referring to Appropriation Act No. 1 of 1977. In this instance, the technique used was a \$1 vote. At the time the related estimates were being reviewed, Senator Manning objected to this use of appropriation acts wherein an annual expenditure of up to \$240 million was to be permitted in the absence of parliamentary scrutiny, other than that allowed in the estimates and appropriation act process. Two

years later, in supplementary estimates (B), parliamentary approval is being sought to remove that annual expenditure restriction—again without any provision for fundamental debate on the merits of the case.

Treasury Board officials stated that the Department of Transport was preparing a report to identify means of achieving a reduction of the cost of VIA Rail but, insofar as they were aware, the option of discontinuing the service—as was done in Newfoundland—was not under consideration.

The committee was sufficiently concerned with this escalating expenditure that it gave serious consideration to requesting the President of VIA Rail to appear before it.

Finally, the committee draws attention to the Canadian Home Insulation Program—CHIP. This Central Mortgage and Housing Corporation program is another example of program authorization by an appropriation act. The predecessor, the Home Insulation Program which operates in the provinces of Prince Edward Island and Nova Scotia where most heating is by oil or oil-generated electricity, was authorized by Appropriation Act No. 1 in 1977. The main estimates for the fiscal year 1978-79 estimated the program cost at \$69.2 million.

The Canadian Home Insulation Program, which operates in all other provinces, was first estimated to cost some \$47 million in the main estimates of the fiscal year 1979-80. As a result of changes to the program design, effective April, 1979, this figure was subsequently revised to \$167.3 million in the supplementary estimates. A rudimentary calculation, based upon figures given by Treasury Board officials during the hearings, suggested that the cost of the program for the fiscal year alone could amount to \$250 million. It appears that the full cost of the Home Insulation Program has not yet been made clear to Parliament.

The Standing Senate Committee on National Finance was quite distressed as a result of questions raised during hearings. The continued need for such a program was questioned in view of anticipated changes in the price of oil which will provide added, and perhaps even sufficient, incentives to homeowners to insulate. The adequacy of the design of the Canadian Home Insulation Program was also questioned specifically in regard to the absence of targeting of incentives to reduce oil consumption in parts of the country where gas is available, or where oil-generated electricity used for heating purposes is a small portion of the total power generated.

I am, as no doubt many of my colleagues are, flabbergasted by the lack of reaction to this bill from our friends opposite. Indeed, I had expected my colleagues on the other side of the chamber to react very strongly to this type of legislation. I am also astounded by their abstention from using their classic excuse of inheritance from preceding governments.

**Senator Olson:** They should have at least done that.

**Senator Langlois:** I was sincerely hoping that they would make very good use of this golden opportunity to maintain their stand against this type of legislation, and to advocate more parliamentary exposure to the Canadian public. Failing

such a reaction from our worthy opponents in this chamber, and taking into consideration the thorough study of the bill by our committee, I would not object to this bill being read a third time today without further ado.

**The Hon. the Speaker:** Senator Langlois has drawn attention to what he regards as a serious typographical error in the report of the Standing Senate Committee on National Finance. Is it agreed, honourable senators, and is it your wish, that correction be made as necessary?

**Hon. Senators:** Agreed.

**Senator Olson:** Honourable senators, I expect that the sponsor of the bill is going to ask that this bill be read a third time later today.

I should just like to ask the sponsor or the Leader of the Government if they are going to take the comments of Senator Langlois seriously and attempt to do something about these \$1 items that are constantly being criticized, not only by honourable members opposite when they were on this side but certainly over and over again in the other place by opposition members of all parties.

● (1550)

We now find a new government justifying a position of trying, without real parliamentary scrutiny, to amend this problem of coming along with dollar items that turn out to be hundreds of millions of dollars. We may let it go today, but I should like some assurance from the members opposite that this will not become a habit. This same thing has been happening for the past 20 years. Dollar items do not mean that at all. It is only an authority. What comes later are estimates and supplementaries, which are the real costs of these programs. We have not been given any indication, either, that the government has done an analysis to determine the anticipated costs of these programs, or at least it is not levelling with members of both houses to indicate the full scope of what it is asking for.

**Senator Doody:** Honourable senators—

**The Hon. the Speaker:** I wish to inform the Senate that if the Honourable Senator Doody speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

**Senator Doody:** Honourable senators, I will not take much of your time. I should simply like to comment on the worries and problems of the honourable members opposite who are concerned about \$1 votes. Indeed, I can say sincerely that I and my colleagues share that concern. It has been an ongoing concern for some time, as has been pointed out. This matter was raised in committee and we spent some time struggling with the problem.

Honourable senators, I should like to assure you that this matter has been brought forcefully to the attention of the members of the other place and to the attention of officials responsible for the administration of these departments.

The idea of it taking 20 years for the present administration to correct it is a tantalizing thought and one which I look

[Senator Langlois.]

forward to with some anticipation, but I really think it will not take us that long. I rather suspect that, although we may have 20 years to work on it, we certainly will be able to manage it in a shorter period of time.

I have absolutely no intention of raising the spectre of blaming the errors and omissions on the previous administration. I realize how sensitive honourable members opposite are in that respect, and I know the reason for it. I certainly will not belabour the obvious. I simply commend the bill to your favourable consideration.

Motion agreed to and bill read second time.

### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read a third time?

**Senator Doody:** Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read a third time now.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

Motion agreed to and bill read third time and passed.

## MULTICULTURALISM

MODIFIED MOTION REQUESTING MINISTER OF STATE TO  
APPEAR BEFORE STANDING SENATE COMMITTEE ON HEALTH,  
WELFARE AND SCIENCE—DEBATE ADJOURNED

On the Order:

That the Senate request that the Minister of State for Multiculturalism appear before the Standing Senate Committee on Health, Welfare and Science within the next ten days to explain the government's reversal in its policy on multiculturalism, as announced during last spring's election campaign, to the effect that the Canadian Consultative Council on Multiculturalism would have the direct authority to decide upon applications for funding from various ethnocultural groups across the country.—(*Honourable Senator Marshall*).

**Senator Bosa:** Honourable senators, with the permission of Senator Marshall and with leave of the Senate, I would ask that, pursuant to rule 23, I be allowed to amend or modify my motion. The modified motion would read as follows:

That the Standing Senate Committee on Health, Welfare and Science be authorized to invite the Minister of State for Multiculturalism to appear before that Committee at its earliest convenience to explain the government's reversal in its policy on multiculturalism, as announced during last spring's election campaign, to the effect that the Canadian Consultative Council on Multiculturalism would have the direct authority to decide upon applications for funding from various ethnocultural groups across the country.



The only difference between the modified motion and the original motion is that it is a more gentle way to put the proposition. In other words, we are inviting the minister to attend rather than requesting that he attend. If honourable senators would agree with that, I would appreciate it.

**The Hon. the Speaker:** Honourable senators, when Senator Bosa rose I thought he said he wished to amend the motion. Of course, it is quite out of order for any member to amend his own motion. However, he used the word "modify." Therefore, is it agreed that, pursuant to rule 23, Senator Bosa have permission to modify the motion before the Senate at this time?

**Hon. Senators:** Agreed.

**Senator Marshall:** Honourable senators, I move that the debate on the motion, as modified, be adjourned until the next sitting of the Senate.

Motion agreed to.

### NORTHERN PIPELINE

#### FIRST REPORT OF SPECIAL SENATE COMMITTEE ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Olson, P.C., seconded by the Honourable Senator Perrault, P.C., for the adoption of the First Report of the Special Committee of the Senate on the Northern Pipeline.—(*Honourable Senator Macdonald*).

**Senator Roblin:** Honourable senators, may I say a word before we proceed further, because my colleague had kindly stood this motion on my behalf. I have not had a chance to tell him, or I omitted to tell him, that I was prepared to speak on the motion today. So I apologize to my honourable colleague for my oversight. Therefore, I ask leave to speak to this motion now.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

**Senator Roblin:** Honourable senators, this motion is for the adoption of the first report of the Special Committee of the Senate on the Northern Pipeline. In the resolution certain expansions of the responsibilities of the committee are requested.

The government has been looking at the question of energy in total and not just from a pipeline perspective. The government has been looking at the whole energy problem that the nation is facing today. We have come to the opinion that it might be in the national interest—perhaps it is the responsibility of the Senate—to set up a committee to study the whole field of energy and, perhaps, other resources as well. So we have given some thought to framing an appropriate resolution to submit to this house in due course. We intend to suggest that instead of adding another committee—because we have a problem now in trying to man our committees—we would fold in, if I can use that expression, the present Special Committee of the Senate on the Northern Pipeline, and perhaps adopt

some of the ideas expressed by Senator Bell in her resolution on natural resources, which has yet to be discussed. We anticipate encompassing them all in a new standing committee of the Senate primarily devoted to energy.

I have had the advantage of being able to discuss this idea with Senator Olson and other members of the Senate. We have come to the conclusion that it might be well to make provision for the present committee, with its expanded powers as requested in the present resolution, to proceed so that there would be no lapse or falling short of the capacity of that committee to act.

● (1600)

I gave notice that in the new year, hopefully soon after our resumption of work, I would introduce a resolution that would bring forward this idea of an energy committee for the house. That would be debated in the usual course, and if it were accepted it would naturally be picked up by the Senate Committee on Standing Rules and Orders, which would get down to the business of defining the exact terms of reference of this committee, its relationship to the other committees of the house, and consider the possibility of folding in the Special Committee of the Senate on the Northern Pipeline and Senator Bell's idea about national resources into this new standing committee that is proposed.

I have expressed those views to Senator Olson and have told him that we would be pleased to have him proceed with his motion today, and hopefully get it approved, so he can get on with the particular job that he is engaged in, and later on next year we would bring in a wider resolution encompassing the whole energy field, and perhaps some other resources as well. I wanted to make that explanation and to say that we support the motion.

**Senator Olson:** Honourable senators—

**The Hon. the Speaker:** It is my duty to inform the Senate that if Senator Olson speaks now his speech will have the effect of closing debate on the motion.

**Senator Olson:** Honourable senators, I do not want to add much to what Senator Roblin has said about the discussion we had, except to endorse that what he said is an accurate reflection of my impression of our discussion.

We on this side of the house would be happy to entertain a motion to set up a committee that would include all of these things, even to the extent of energy, mines and resources, that are at present referred to other committees.

We realize, however, that the procedure and process we must go through to set up a standing committee obviously involves changing the rules of this house rather significantly, and the requirement that certain references that are now automatically referred to certain committees would have to be modified. While I do not know precisely at this point what specific references would have to come out of which committee, I do know that there are at least two standing committees, and perhaps more, whose terms of reference would have to be modified before all of the things that we, and I think Senator Roblin, envisage could go into the regular rules of this house;

that is to say, those matters that would be referred to this new standing committee.

We believe it would take some time to do this in the session when it resumes after the new year, and we agree that at least one of the tasks the Special Committee of the Senate on the Northern Pipeline would like to undertake would be delayed unduly. By passing this motion today, that committee could get on with that task, on the understanding that we would give favourable consideration to reaching a decision whereby at least one standing committee would be introduced to replace the special committee that is functioning now.

**Senator Smith (Colchester):** I wonder if I might ask the Deputy Leader of the Opposition what two committees he had in mind when he said, I thought, that the terms of reference of those two committees might have to be modified to achieve the objectives he is talking about?

**Senator Olson:** At least two committees would be the Standing Senate Committee on Banking, Trade and Commerce and the Standing Senate Committee on Transport and Communications. I should make it clear that that is not provided in the terms now before the Senate in the committee report. It would appear to me that those things would have to be taken into account if another standing committee were set up, and the terms of reference provided for it would be broad enough to cover all the things Senator Roblin indicated.

**Senator Smith (Colchester):** Could I trespass on the good nature of the Deputy Leader of the Opposition to ask what particular matters relating to the Standing Senate Committee on Transport and Communications would have to be modified?

**Senator Olson:** I expect that if it were going to be an all-encompassing energy committee, including all aspects of energy and transportation of same, it would require some modification of the terms of reference now provided in the rules for the Standing Senate Committee on Transport and Communications.

**Senator Roblin:** If I might speak to the same point, I should like to make it clear that we would need to have close consultation with Senator Smith (Colchester), and certainly with Senator Hayden, to make sure that it met with their general approval.

**Senator Olson:** Perhaps I might just reply to the question just asked by Senator Smith (Colchester) and amplified by Senator Roblin. The rule in question is rule 67(i), which sets out the Senate Committee on Transport and Communications, and which in subparagraph (iv) refers to:

—pipelines, transmission lines and energy transmission.

That is the rule that might have to be modified if a new standing committee such as the one Senator Roblin envisions were set up.

**Senator Smith (Colchester):** Thank you very much.  
Motion agreed to and reported adopted.

[Senator Olson.]

## BANKS AND BANKING LAW REVISION

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE—  
DEBATE ADJOURNED

On the Inquiry of Senator Hayden:

That he will call the attention of the Senate to the Report of the Standing Senate Committee on Banking, Trade and Commerce on the subject matter of the Bill C-14, intituled: "An Act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other Acts in consequence thereof."

**Senator Cook:** Honourable senators, I would ask leave to make a short contribution to this debate now. Because of the approaching holiday season we do not know when this inquiry will be debated, and as I may not be present to take part then I would very much appreciate having leave to make a short contribution at this time.

**The Hon. the Speaker:** Is leave granted, honourable senators?

**Hon. Senators:** Agreed.

**Senator Cook:** Thank you, honourable senators. As a member of the Standing Senate Committee on Banking, Trade and Commerce, I should like to make a few remarks on the report of the committee at this time.

While I agree with the thrust of the report, there are nevertheless two points that I and some other members of the committee feel need to be strengthened. I am therefore taking what many senators may feel to be a bold step, which is to deliver a dissenting opinion from the conclusions stated in the report on these two points.

First, I have to remind honourable senators that the bill itself was not before the committee. All we did was to consider its subject matter. Had the bill itself been before the committee, I would have moved two amendments, which, of course, might or might not have been accepted by the committee. Happily, the procedure we have followed does allow us a second kick at the cat, so in due course, if and when the bill does come before the committee as now drafted, I will move these amendments.

• (1610)

I should point out that during the proceedings of the committee I became convinced that some other members feel as I do. In view of this, it is only fair and right that the minister in charge of the bill and the committee of the other place considering it, as well as honourable senators, be aware of the possible opposition to certain clauses as now drafted.

At the outset, let me assure honourable senators that the amendments which I hope to move are not amendments to bring about drastic changes in the law; rather, they are amendments to ensure that the law remains as it now is, under the terms of which the banks have been operating with great success and great profit.

Let me explain. The first amendment relates to the limit on mortgage lending by banks, which is dealt with in clauses 175



and 192 of Bill C-14. The second relates to the exemption of term deposits from reserve requirements, which is referred to in clause 204.

While these two amendments may at first glance appear to be unrelated, they are, I think, two branches of the same tree.

Clauses 175 and 192 should be amended to provide that the 10 per cent limit imposed on banks be extended to and include mortgage loans by the banks and their subsidiaries, which is the present law. Clause 204 should be amended to provide that the banks be required to maintain reserves on term deposits with the Bank of Canada, which they must now do under the provisions of the present Bank Act.

Very briefly, some of the major considerations which have been bringing some of the members of the committee are as follows:

(1) It may well be that the chartered banks are taking over too large a share of the financial operations of the country and the business community. It may well be that extending and adding to the powers of the chartered banks will allow them to become too dominant in relation to other financial institutions serving Canadians.

(2) Before the 1967 revision of the Bank Act, in general terms a bank was prohibited from lending money on real estate. I quote from the Second Edition of Falconbridge on Banking and Bills of Exchange:

The object of this prohibition and, to a less degree, that against engaging in trade or business or dealing in the buying, selling or bartering of goods, is to prevent a bank from locking up its assets and to oblige it to keep them in the form that renders them most available.

In the 1967 Bank Act, the banks were given, for the first time, the power to lend on mortgages, subject to an overall limit of 10 per cent of their total deposit liabilities. Let me here point out that the overall limit of 10 per cent did not apply to loans made under the National Housing Act, the Farm Improvement Loans Act, and the Veterans' Business and Professional Loans Act. A bank could loan money on mortgages under the provisions of these acts in addition to the 10 per cent allowed by the Bank Act. If the banks are given the right to have mortgage loan subsidiary companies which can lend without limit, it would seem that the draft bill would destroy the effectiveness of the 10 per cent limit contained in clause 175.

The provisions of the draft bill would permit the banks an open-end "no limit" policy for mortgage loans. In these circumstances, the question of the liquidity of the banks referred to by Falconbridge could become a matter of concern at some point down the road. Possible concern on the matter of liquidity may also arise as a result of the draft bill releasing the banks from maintaining reserves with the Bank of Canada in respect of term deposits.

My concern also arises from representations made to the committee by the trust companies. These companies argue that the unlimited right to lend on mortgages and the release from the reserve requirement will do great harm to the share of the financial and mortgage business which they now enjoy, with-

out any benefit to Canadians as a whole. In addition, the trust companies carry on a very important general service to Canadians because of the fiduciary portion of their operations, whereby they act as trustees, executors and general financial agents and consultants.

When the bill does come before the Senate, the question may arise as to the ability of the banks to compete with trust companies and consumer loan companies. I have here some figures showing earnings per share during the past 10 years and the past five years for the five major banks, three trust companies and three loan companies, which will clearly illustrate the ability of the banks to compete under the present provisions of the Bank Act. I would ask the permission of honourable senators to have these figures included in my remarks at this point.

**The Hon. the Speaker:** Is it agreed, honourable senators?

**Hon. Senators:** Agreed.

#### EARNINGS PER SHARE DATA BANKS, TRUST COMPANIES AND LOAN COMPANIES

Below are the 10 year and past 5 year earnings per share or balance of revenue per share compounded growth rates of the 5 major banks, 3 trust companies and 3 loan companies, for the periods 1968-1978 and 1973-1978.

	1968-1978	1973-1978
<i>Banks</i>		
Royal	14.6%	14.9%
Commerce	14.4	14.5
Montreal	12.0	18.4
Nova Scotia	17.4	16.5
Toronto Dominion	18.0	15.1
<i>Trust Companies</i>		
Royal	11.6%	7.9%
Canada	12.2	14.2
Canada Permanent	13.0	5.5
<i>Consumer Loan Companies</i>		
IAC	6.7%	3.1%
Traders	10.8	7.1
Laurentide (1969-1977)	6.9	8.7

**Senator Cook:** I trust I will be forgiven for taking up the time of the Senate to outline briefly and in general terms my fears should the bill, as drafted, become law. Once again I point out that I am not alone in having such fears, and I am confident that once the bill does come before the Senate from the other place other honourable senators will express more

fully, and in a more convincing manner, their own views and concerns.

**Senator Connolly:** Honourable senators, I will not detain you for more than a few minutes. As one of the group in the committee who were impressed with the concerns expressed by Senator Cook and other members, I think perhaps I should say something at this point.

If we have this important issue to consider when the bill does come before us, it will be due to the ingenuity of Senator Cook. Perhaps that should not surprise us very much. I am told that anyone who comes from Harbour Grace has to have ingenuity, or he doesn't survive. So, ingenuity is a way of life for Senator Cook.

I do not want to talk particularly about the question of liquidity, for the simple reason that I think Senator Cook has expressed that concern adequately. The question arises about the problems with which the trust companies are faced should the banks have such a wide ranging authority to lend on the security of mortgages. As Senator Cook has pointed out, the banks, before the 1967 revision of the Bank Act, were not able to lend on the security of mortgages. I understand that the rationale for putting that provision into the Bank Act at that time was to provide a more ready availability of mortgage funds in the country, and it was thought that the banks, with their many thousands of branches, could do that.

But the limitation upon the banks to engage in that type of business, as Senator Cook has said, was very strict. They were to be restricted to 10 per cent of their deposit liabilities and debentures. We thought that was the ceiling. Actually, it turned out not to be the ceiling because Ministers of Finance over the years authorized mortgage companies to be established by banks, and in fact this was done for a limited period. But now the specific provision is proposed to be included in the Bank Act whereby, as Senator Cook has said, banks can incorporate, and either wholly own or partially own, mortgage companies, and they can lend on the security of mortgages with the guarantee of banks with utterly no limit to the amount of money that they can put up.

This is not an harangue against the banks. I want to refer to the last report of the committee on the predecessor bill, which is to be found in the *Debates of the Senate* of Thursday, March 15, 1979, specifically Appendix "D" of that report, which shows that the banks do quite well in the mortgage field. The banks did pretty well in the mortgage field between 1967, when they first entered it, and 1977, the last year for which these figures were given.

● (1620)

In the first year the banks and mortgage affiliates loaned to the extent of \$954 million, and in 1977 that amount had grown to more than \$14.896 billion. In 1977, the trust companies and the mortgage companies which originally loaned \$3.832 billion in 1967, were loaning \$18.794 billion. They were a little ahead of the banks.

Another portion of the table shows that in 1967, after one year of operation, the banks occupied 11.6 per cent of the

mortgage field in Canada, and in 1977 that share had grown to 35.4 per cent. In 1967 the trust companies occupied 46.7 per cent of the field, and in 1977 that share had fallen to 44.6 per cent.

The significant increase in the banks' share of the mortgage field in those 10 years, I think it is proper to report from the committee, is a matter of great concern to the trust companies. I think that they see the competition becoming so overwhelming that their business is going to be seriously affected.

Having said that, honourable senators, I think I should also say that there may be a valid reason for the banks to have unlimited authority to lend in the field of mortgages, but I think the reserves of the banks, to preserve the liquidity of the banks and our banking system, must be adequate, and this may be a new kind of game for the banks. In view of the fact that the banks are into the mortgage business, some new system of reserves for this aspect of their business may have to be defined—may have to be discovered, in fact.

One other thing I want to say is that there may be a great need in Canada for access to the banks' funds for mortgages to supply the housing requirements of the country. This may be a very salutary provision. We do not know, but we will find out when this bill comes before the Senate, and when it is referred to the committee, whether the rationale for allowing the banks to go into the field of mortgage lending to the extent that is now allowed is a necessity for the development of housing in this country. That will be a matter of government policy, and that will have to be explained. I do not think any member of the committee would want to restrict the banks in the mortgage lending field if it was felt that the money was required to provide housing for the people of Canada, but I think every member of the committee would say that if the banks are to be in this mortgage field then it seems ridiculous to have one clause saying that the banks are restricted to 10 per cent of their deposit liabilities and debentures, and then another clause saying that the banks can incorporate loan companies under the provisions of the Loan Companies Act and lend as much as they like, knowing perfectly well that the banks will guarantee the loans and the operations of those subsidiary companies.

So it is a matter of clearing up, first of all, the need for the availability of further mortgage money in the country from bank sources, and, secondly, the question of clearing up in the minds of the public the idea that the banks are restricted to 10 per cent of their deposit liability, because that is not a fact, and you have to be more than a Philadelphia lawyer, which Senator Cook is, to discover this anomaly in the legislation.

**Senator Beaubien:** Honourable senators, I apologize for rising at this late hour, but there are a couple of things I want to say about the proposed new Bank Act. The first is that since 1967 there has been a tremendous change in the mortgage market. Mortgages were usually sought for 20 to 30 years. Over the period of 12 or 13 years since the present Bank Act was passed, mortgages have been issued on a three-, four- or five-year basis. That caused the life insurance companies to completely back out of the market, and somebody had to fill

[Senator Cook.]



the gap. That was brought out by the Inspector General of Banks very clearly. Therefore, the Inspector General of Banks is greatly in favour of this new system. The banks are going to be allowed to have more than 10 per cent of their deposits and so on in mortgages, an amount they have never exceeded up to now.

If they want to go into the mortgage field and occupy that portion vacated by the life insurance companies, they are going to have to form subsidiary companies. Why would this have anything to do with the liquidity of the banks? If the banks are going to put their money into something like that, who is going to say it will hurt their liquidity? The banks are going to be run as they have always been run, and they will have 10 per cent of their assets in mortgages, and no more. If they want to go into something else, then they will have to raise the capital outside of their assets, and then set up companies which will come under the Loan Companies Act. So this has nothing to do with the liquidity of the banks.

• (1630)

Honourable senators, I did have another point I wanted to make, but, as it escapes me at the moment, I will close my remarks now.

**Senator McIlraith:** Honourable senators, I notice that this inquiry stands in the name of the Honourable Senator Hayden. As he is not here at the moment I would ask permission either to adjourn the debate in his name or to adjourn it in my own name with the intention of giving him the right to speak in my place when the matter next comes before the Senate.

**The Hon. the Speaker:** It is moved by the Honourable Senator McIlraith, P.C., seconded by the Honourable Senator Connolly, P.C., that further debate on this inquiry be adjourned to the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

**Hon. Senators:** Agreed.

On motion of Senator McIlraith, debate adjourned.

## THE CONSTITUTION

### MOTION FOR APPOINTMENT OF SPECIAL COMMITTEE—DEBATE ADJOURNED

**Senator Stanbury,** pursuant to notice of Tuesday, December 11, 1979, moved:

That a special committee of the Senate, to be known as the Special Committee of the Senate on the Constitution, be appointed to consider and report upon the subject matter of Bill C-60, intituled: "An Act to amend the Constitution of Canada with respect to matters coming within the legislative authority of the Parliament of Canada, and to approve and authorize the taking of measures necessary for the amendment of the Constitution with respect to certain other matters", of the Third Session of the Thirtieth Parliament, or any matter relating thereto;

That the Committee have power to engage the services of such counsel, technical advisers and staff and to incur such special expenses as may be necessary for the purpose of the inquiry;

That the Committee have power to send for persons, papers and records, to examine witnesses, to print such papers and evidence from day to day as may be ordered by the Committee and to sit during adjournments of the Senate; and

That the papers and evidence received and taken on the subject in the Third and Fourth Sessions of the Thirtieth Parliament be referred to the Committee.

He said: Honourable senators, I have just a few remarks to make, if I am permitted.

Before proceeding with my remarks perhaps I may extend a belated welcome to our colleagues who have joined us in this chamber since the opening of the Thirty-first Parliament. There is a veritable army of them, and I am pleased to see that one of the problems of the Senate, which was discussed at length by the Special Senate Committee on the Constitution in the last Parliament, has been substantially redressed. We were worried about there being too few people in the opposition. For the time being that need not be a concern.

I also congratulate our long-time and highly respected colleagues, Senator Flynn and Senator Asselin, as well as our new colleague, Senator de Cotret, upon their elevation to cabinet rank. I appreciate that during Question Period that may seem to be a mixed blessing, but I am sure that it is an experience which any one of us would enjoy, and I wish them well in their endeavours on behalf of our country.

I am sure that the wording of the motion that I have just moved has caused some confusion in the minds of honourable senators, since the necessary legal form of it requires us to refer back to events and proposed legislation in the Thirtieth Parliament. I hasten to assure honourable senators that there is no intention of reviving Bill C-60; and, indeed, it is not the expectation that the committee will, at least immediately, enter into the massive task of revising the Constitution of Canada.

The committee was established initially by the Senate for the purpose of studying the subject matter of Bill C-60 of the Thirtieth Parliament, and the committee proceeded to do just that. Its first report was tabled in the Senate on Thursday, October 19, 1978, and it dealt extensively with the subject matter of that bill.

During the lengthy hearings leading up to the tabling of that report the committee became increasingly aware of a great vacuum of understanding of the role of the Senate on the part of the public, academics and even legislators at the federal and provincial levels. The committee was also well aware that there were undoubtedly measures which might be taken to increase the effectiveness of the Senate.

As a result the committee was reconstituted in the Fourth Session of the Thirtieth Parliament and accepted as its priority task a study of the Senate itself, its structure, its membership,

its jurisdiction, its responsibility to protect regional and minority interests and its relationship with legislative bodies.

Extensive hearings and discussions were held, with the result that when the Thirtieth Parliament was dissolved the committee was in the process of preparing its second report. You will notice that my motion calls for the papers and evidence received and taken on the subject in the 3rd and 4th Sessions of the Thirtieth Parliament to be referred to the committee. I believe that that will mean a substantial economy in cost and effort, and will permit the committee to move on toward the tabling of a second report with reasonable dispatch.

I would ask all honourable senators to support this motion to reconstitute the Special Committee of the Senate on the Constitution.

**Senator Smith (Colchester):** I wonder, honourable senators, if I might ask Senator Stanbury if he envisages that the committee will be likely to do anything more than complete its

report. In other words, is it the hope or expectation that the committee will continue taking evidence and embark on a wider study than that which has been done so far?

**Senator Stanbury:** Honourable senators, as you can see, the motion is broad enough to allow the committee to follow whichever course it pleases. My understanding from discussions we have had concerning the matter is that at the present time it is not the intention to proceed further than the discussion of matters relating to the Senate.

Whether either the steering committee, which will have to be developed, or the committee itself will feel that more evidence and more discussion will be required before putting together a report, I cannot say; but I do realize that there will be many new senators on any such committee and that, therefore, that must be recognized as a possibility.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until Tuesday, December 18, at 2 p.m.

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*The Thirty-first Parliament was dissolved by Proclamation of  
His Excellency the Governor General on December 14, 1979*



## APPENDIX

(See p. 571.)

## THE ESTIMATES

REPORT OF THE STANDING SENATE COMMITTEE ON NATIONAL FINANCE ON THE  
ESTIMATES LAID BEFORE PARLIAMENT FOR THE FISCAL YEAR ENDING MARCH 31, 1980

December 13, 1979

The Standing Senate Committee on National Finance to which the Estimates laid before Parliament for the fiscal year ending March 31, 1980, were referred, has in obedience to the order of reference of Thursday, November 1, 1979, examined the said Estimates and reports as follows:

## INTRODUCTION

The Committee was authorized by the Senate, as recorded in the *Minutes of Proceedings of the Senate* of November 1, 1979, "to examine and report upon the expenditures proposed by the Estimates laid before Parliament for the fiscal year ending 31st March, 1980".

In obedience to the foregoing, the Committee made a general examination of the Estimates and heard evidence from the Honourable S. M. Stevens, President of the Treasury Board and from the following officials of Treasury Board: Mr. J. L. Manion, Secretary; Mr. L. J. O'Toole, Assistant Secretary, Program Branch; Mr. E. A. Radburn, Director, Estimates Division; Mr. E. R. Stimpson, Director, Expenditure Analysis Division; and from the Economic Council of Canada: Dr. Sylvia Ostry, Chairman; Dr. D. W. Slater, Director; Dr. R. Lévesque, Director; Mr. H. Bert Waslander, Director, Project Staff, Sixteenth Annual Review.

The Main Estimates for 1979-80 amount to \$52,913 million. Of this amount \$50,768 million are for budgetary items and \$2,146 million are for non-budgetary items (loans, investments and advances). These estimates are also divided into statutory requirements amounting to \$31,673 million and non-statutory amounting to \$21,240 million. Of the total Budgetary Estimates \$20,382 million represents funds for which Parliament is asked to provide new authority.

The Committee is continuing its examination of the Main Estimates by reviewing the medium term economic outlook in order to attain perspective on the implications of present Estimates for future economic development and growth.

## BASIC PROBLEMS IN REVIEWING THE ESTIMATES

## 1. Trend in Ratio of Statutory to Total Estimates

In fiscal year 1972/73, statutory payments represented 54% of Budgetary Estimates. By fiscal year 1979/80 the proportion had risen to almost 60%. In absolute amount, as well, statutory expenditures increased substantially from \$10.2 billion to \$30.3 billion and now exceed by 50 percent the total Budgetary Estimates of only 7 years ago of \$19.0 billion (compared to \$50.7 billion in 1979-80).

For several departments statutory commitments exceed the amounts to be voted. For example, although \$1.143 billion is to be voted for the Canada Employment and Immigration Commission, statutory commitments amount to \$2.32 billion. For the Department of Health and Welfare, only \$431 million is to be voted as against \$13.643 billion in statutory commitments. For the Department of Finance the comparable figures are \$168.1 million and \$11.25 billion and for the Secretary of State \$328 million and \$1.67 million.

## 2. Public Debt Payments

During the past decade payments on the public debt have increased from 12.6 to 16.5 percent of the budgetary expenditures and now amount to \$8.5 billion. They constitute the second largest item of budgetary expenditure, exceeding the combined payments for transportation and communications (5.9%), culture (2.0%) general government (4.4%) and internal overhead (3.1%).

Comparing the growth of public debt with budgetary expenditure over time has been rendered less meaningful in recent years by the increasing reliance on the tax system as a policy lever, a practice generally known as tax expenditures. This includes a variety of 'tax breaks' for business and individuals, and yielding of 'tax points' to provinces. Tax expenditures have grown rapidly during the past five years and amount to more than payments on the public debt. The Committee is already on record as being concerned with the fact that no systematic parliamentary scrutiny of tax expenditures occurs. It welcomes the initiative of the Minister of Finance in making public an estimate of the cost of these tax expenditures.

## 3. Decline in Economic Development and Support

The relative share of expenditure on economic development and support declined from 13 to 10.9 percent during the decade 1969-70 to 1979-80. During the first years of the decade, the share rose so that the actual rate of decline in recent years is understated.

It is difficult to know how to interpret these figures. Economic development has certainly been supported in certain instances by tax expenditures, which have not been related to actual expenditure. Moreover, direct expenditures for economic development may have also been partially replaced by loan guarantees. For example, a \$2 million item for liabilities under the *Small Businesses Loans Act* appears to be in support of economic development but would appear in the Estimates only when guarantees must be honoured. Such changes in methods

of financing programs make it difficult for the Committee to review the Estimates and make judgements about the implications of overall shifts. As the President of the Treasury Board told the Committee in connection with tax expenditures, "... when you are trying to get a handle on the rising expenditures, you should keep your eye on both sides."

#### 4. Payments to Other Levels of Government

Payments to other levels of government have increased by about \$2.8 billion dollars in the past three years. In fact these increases are understated by some 25%, since they do not reflect decisions to yield tax points in lieu of expenditures, complicating the task of making comparisons over time.

#### 5. Validity of Expenditure Overview Guidelines

It was suggested to the Committee that improvement in the monitoring of expenditure trends might be achieved from the use of three or four ratios which would reflect specific significant elements. The usefulness of monitoring government expenditures by applying broad yardsticks such as, for example, their ratio to gross national product, was discussed. Mr. O'Toole pointed out that this ratio fails to reflect changes in approach such as switching from direct expenditures to tax expenditures or yielding tax points. Another problem not solved in this way is the comparison of payments which are quite different in nature such as transfer payments to persons, purchases of assets and services, etc. However, Mr. O'Toole cautioned the Committee that while the ratio information is presented in the Federal Expenditure Plan, "... in the process of trying to allocate resources and carry out our functions, it does not enter into the science or art of resource allocation ..."

The Committee was also informed that international comparisons such as expenditure dollars as a percent of gross domestic product or the ratio of public servants to total employment are of dubious value and possibly misleading as guidelines to expenditure trends. For example, in the United Kingdom employees of the nationalized industries would be included in the government total. In Canada or the United States employees performing the same functions in the same industries would not.

#### 6. Lack of Policy Overview Information

The Committee requested information to assist it in its work of reviewing the Estimates, including: the net after tax amount transferred by the federal government directly to persons by various income groups and the total and net amounts transferred to groups which are objects of government concern, e.g. senior citizens, natives, small business, farmers, etc. Treasury Board does not maintain such information but agreed to obtain it for two specific programs on a gross basis by income level. Officials also agreed to obtain information which would show the total amount of federal funds transferred to Status Indians and Inuit from a variety of government programs.

A second request was made for a ten year survey of the number of personnel by Ministry to help interpret the changes

between current and past fiscal years. Treasury Board undertook to provide this to the Committee.

#### 7. Conclusion

The President of the Treasury Board indicated that the government had identified serious problems in the expenditure management process and was in the process of restructuring it. The New Expenditure Management System paper tabled by the government in the House of Commons on 6 December 1979, identifies many deficiencies in the financial management of public programs which this Committee, unique as the only parliamentary committee with responsibility for the entire Estimates, faces when conducting its annual review of the Main Estimates.

When asked if he was content with the present mechanism for parliamentary scrutiny of the Estimates, the President of the Treasury Board replied, "I am not satisfied". He urged the Committee in the course of its next review of Main Estimates to give special attention to the resource envelope system of expenditure management being introduced by the government. This suggestion could result in the Committee having to consider tax expenditure information as well as the economic impact of regulations.

#### MONITORING IMPLEMENTATION OF PROGRAM TERMS AND CONDITIONS

Responsibility for monitoring established program guidelines, terms and conditions was the subject of substantial discussion, particularly in regard to the Indian Program Activities of the Department of Indian and Northern Affairs. Committee members expressed the view that such activity should be the responsibility of the Treasury Board. Mr. O'Toole replied that, "... we rely on the law and the regulations and assume that they are followed." He then mentioned that the Comptroller General, who reports to the President of the Treasury Board, has functional responsibility for this type of compliance audit. Primary responsibility rests with the internal audit units within departments and agencies and is subject to review by the Auditor General.

Based upon a survey the Comptroller General has conducted in twenty-one major departments, the quality of the work performed by internal audit groups was reported to be very uneven. In departments where the work of the internal audit group was determined to be inadequate, the Comptroller General has or will reach agreement on a plan for improvement as part of the Improved Management Practices and Controls (IMPAC) program.

#### 1. Intergovernmental Agreements Objectives and Monitoring

In response to the question, "Who is responsible to satisfy themselves that the federal objectives behind these programs are achieved?", the Treasury Board indicated that there was considerable variation. In the case of the *Established Programs Financing Act*, "the legislation governs" and monitoring is clearly the responsibility of sponsoring departments. In the case of subsidiary agreements between the Department of



Regional Economic Expansion and a province, a management committee, composed of representatives of both governments, is responsible. Thus it appears that the chain of responsibility from the Comptroller General through Internal Audit to the Auditor General may not operate with the same degree of assurance that it would in the case of a purely federal program.

Effective monitoring rests upon clear statements of objectives, terms and conditions. Intergovernmental agreements pose particular difficulties for monitoring because of their negotiated nature. Clarity of objectives and precision in the statements of terms and conditions may be compromised as the price of agreement, according to Treasury Board officials. Nevertheless the Committee considers that where the federal government is contributing large sums of money to joint programs, both the provinces and the federal government have a responsibility to see that the objectives agreed to are actually being achieved.

The Committee suggests, therefore, that the Treasury Board provide a statement which outlines the major types of monitoring processes used in intergovernmental agreements. This should include provisions for monitoring contained in an agreement, the actual mechanisms to be used as well as an assessment of the strengths and weaknesses of provisions and mechanisms in practice. The *Established Programs Financing Act* and subagreements within the Department of Regional Economic Expansion General Development Agreement Program would be of particular interest to the Committee as cases in point.

#### PETRO CANADA

Following substantial discussion of the financial outlook for Petro Canada the Minister stated that he would provide the Committee with certain financial information if the Committee felt that it would be helpful. Such information, in the view of the Committee should include: the amount invested to date; the value of loans and loan guarantees and letters of comfort, if any; grants; current value of the assets and estimated cash flow for the next ten years or until such time as the cash flow is positive, and return on investment.

#### ACCOUNTS OF CANADA

The Minister expressed his concern that the accounts of Canada do not quantify contingent liability in that letters of comfort, such as the \$350 million in letters of comfort to banks on behalf of Canadair, are not specified, an amount which is, proportionately, twice the \$1.5 billion requested of the United States government by Chrysler.

#### ESTABLISHED PROGRAMS FINANCING ACT

The programs funded under this act, which include Medicare, Hospital Insurance and Post Secondary Education, were formerly cost shared with the provinces. The advent of the

*Established Programs Financing Act* of 1977 changed the means of financing from cost sharing of expenditures to a combination of federal tax points transferred to the provinces and cash contributions, the combined value of which is guaranteed not to fall below a specified amount. Thus if, as has happened, the estimated value of the transferred tax points is below the predicted value, the federal government must increase its cash payments.

The Committee's attention was drawn to a legal aspect of the Act with significant financial implications. Under the Act the agreement cannot be re-opened unilaterally before March 31, 1983. Consequently the prospect of significant unplanned for an uncontrollable cash expenditures exists for three more fiscal years.

Treasury Board officials informed the Committee that at the time the provisions incorporated into the Act were being negotiated the economic assumptions made by the Department of Finance regarding the potential value of the tax points to be transferred were not reviewed by the Treasury Board. The Committee was informed that it is not Treasury Board's responsibility to do so in spite of the major financial implications involved. Nor is it their responsibility to do so for the annual Estimates of the value of the tax points.

The President of the Treasury Board indicated that in budgetary presentations, the government would provide four to five year economic overviews "... which will show the trends we are heading into if expenditure levels are not halted." Dr. Ostry presented estimates of such trends to 1985 based on present programs and anticipated economic developments over the next five years. Dr. Ostry suggested that, "If the present tax and transfer payment system, and the present federal provincial fiscal arrangements continue, the federal government will continue to run a deficit in the order of \$12 billion year after year to 1985 ... even if unemployment were to decline to 5.5% ..." Dr. Ostry concluded that the federal government had "lost almost all of its room to manoeuvre in terms of stabilizing the national economy," and urged that a number of steps be taken regarding government finance including possible reformation of the Revenue Equalization Program in light of the strains imposed by rapidly rising energy prices, and a re-evaluation of the *Established Programs Financing Act* as soon as possible. This latter suggestion was also made by the President of the Treasury Board. The preliminary reaction of the Committee is that such evaluations would be desirable, and the Committee will be considering these problems as part of its ongoing examination of the progress of the economy into the medium term future.

Respectfully submitted,

D.D. Everett,  
Chairman.











# ABBREVIATIONS

1r, 2r, 3r	=	First, second, third reading
amds	=	amendments
com	=	committee
div	=	division
m	=	motion
neg	=	negatived
ref	=	referred
rep	=	report
r.a.	=	royal assent

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<i>Assented to November 29, 1979</i>		
4	Old Age Security Act .....	C-6
<i>Assented to December 6, 1979</i>		
5	Income Tax and Canada Pension Plan .....	C-17
6	Customs Tariff, The New Zealand Trade Agreement Act, 1932, the Australian Trade Agreement Act, 1960 and The Union of South Africa Trade Agreement Act, 1932 .....	C-18
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